HEALTH & WELLNESS TRENDS IN FOOD AND BEVERAGE

PREPARED FOR: THE CLEAN & HEALTHY FOOD SHOWCASE IN JAPAN

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SCOPE & METHODOLOGY

This report utilises various sources and takes a look at the global Health & Wellness trend, with a focus on 'Clean & Healthy' innovation in Japan. The report covers the following areas:

- Introduction to the Health & Wellness trend at a global level, with a focus on clean and healthy sub trends including ‘Fresh, Natural & Pure’ and ‘Moderation & Avoidance’
- Consumer needs driving the growth of these trends
- Impact of COVID-19 on food and beverage innovation
- Key consumer trends in Japan in 2020
- Innovation in Japan that highlights health and wellness and clean label positioning
DEFINING HEALTH & WELLNESS

Today's consumers are more aware of their personal health and wellbeing than ever as a result of greater access to information and health issues often being thrust into the media spotlight.

Desire for self-preservation, enhanced vitality, and preventing the onset of illness in the short and long term is urging consumers to proactively make lifestyle and product choices that can not only alleviate these concerns but also enhance quality of life.

- 90% of global consumers believe eating healthily to be important in creating a feeling of wellbeing/wellness\(^1\)
- 55% of global consumers believe food/drinks can provide the same health benefits as non-prescription medicines\(^1\)
- 66% of global consumers are actively buying natural food/drink products. A further 28% say they are interested but not yet actively buying such products\(^2\)

The shift towards natural ingredients perceived to be more nutritious, safer, and "better-for-you" is a recurring trend across food categories as consumers seek familiar, unprocessed food offerings.

Coupled with this is the desire to actively remove so-called "villain" ingredients such as sugar, fat, salt, and gluten from personal diets to improve overall wellbeing and health.

Limiting meat consumption and a shift to plant-based foods is also growing in popularity.

Drivers of this trend:

• **The rise of non-communicable diseases (NCDs) and global outbreaks creates concerns over personal health.** The spread of lifestyle-related diseases such as diabetes and obesity is becoming chronic.

• **Informed consumers are more aware of personal health and wellbeing requirements.** Access to health-related information and ability to self-diagnose drives awareness of cure and prevention.

• **Living a healthy lifestyle is in vogue** – Health is the new social currency and consumers seek to align their entire lifestyles with a holistic approach to personal health.

• **Population ageing drives desire for healthy ageing solutions.** Similarly, consumers seek to enhance life, longevity and personal preservation.

• **The ubiquity of smartphones and new technologies encourages consumers to track and monitor personal health.**
HEALTH & WELLNESS TREND LANDSCAPE

Top five Health & Wellness trends

- Fresh, Natural & Pure
- Moderation & Avoidance
- Wellbeing
- Weight Management
- Vitality & Balance

Key Trend Implications within Food and Beverage

- Formulations with natural, recognizable, and “real” ingredients are likely to be well received by consumers seeking “cleaner” food solutions with minimal processing, additives, and preservatives.

- Omitting the use of villain ingredients such as sugar, salt, fat, and gluten is a key consideration for formulations and the challenge for brands will be to balance this with sensory flavour and enjoyment.

- Enriching consumer diets through functional ingredients as well as promoting physical and emotional wellbeing can be achieved through the use of naturally beneficial ingredients such as herbs and those with a health halo such as fibre and protein.

The Fresh, Natural and Pure trend is anchored in consumer health-consciousness, and embodies the move toward all things natural, organic, and fresh.

In seeking out more natural products, consumers are becoming more ingredient-aware, and in turn are placing a greater focus on both the materials and processes used in the formulation of products.

**Innovation implications**

- **Formulation** – Develop formulations made with plant-based ingredients, minimal processing, and short ingredient lists as far as possible.

- **Marketing** – Leverage bold, colorful imagery of plant-based ingredients in their whole form in marketing campaigns, and obtain professional certifications when making “natural” claims to gain consumer trust.

- **Packaging** – Develop biodegradable packaging solutions, and aim to minimize virgin plastic usage to appeal to eco-conscious consumers. Explore smart packaging options that can communicate product freshness clearly to consumers.

FRESH, NATURAL & PURE CLAIMS ARE MOST APPEALING TO CONSUMERS

- Consumers are increasingly aware of the central role that food and drink play in determining their level of health and wellbeing. This is driven in part by access to information online, as well as the continued trend toward "clean eating," in turn heightening demand for Fresh, Natural & Pure food and drinks.

- The plant-based revolution has in part driven the trend forward as product launches in this space are often touted as being "purer," "fresher," and more "natural" compared with other mainstream offerings. In fact, "plant-based" is the most appealing claim in the food and drink space at present, reinforcing the opportunity for brands to explore this space to engage with this trend.

- A key challenge for brands will be to position products as Fresh, Natural & Pure while also providing a point of differentiation as the trend grows.

**ENVIRONMENTAL CLAIMS ARE AN INTERPRETATION OF THE ‘NATURAL’ CLAIM**

- Consumers find food and drink products that are ethically sourced and have a low carbon footprint highly appealing, and it is evident that environmental claims are an interpretation of the "natural" claim. Brands should bear this in mind, and look beyond plant-based ingredients and "chemical-free" claims to engage with this trend in future.

- **Over half (52%) of Generation Z interpret "natural" to mean "eco-friendly."** The claim does not enter the top three interpretations of the "natural" term among any other generation². Opportunity exists for brands to target sustainable product launches or initiatives toward this demographic.

- Consumers are also keen to know where products and ingredients are sourced. **56% of global consumers agree that their choice of food/drinks is influenced by source/origin of ingredients.**

MODERATION & AVOIDANCE

Moderated and avoided ingredients and products fall into three categories.

Vices are ingredients widely acknowledged as bad for your health and addictive, while serving a purpose centered on pleasure or enjoyment.

Examples: tobacco, alcohol, and caffeine.

Villains encompass a number of food groups or ingredients that are seen as bad by consumers due to various health reasons.

Examples: calories, sugar, fat, carbohydrates, salt, gluten, meat.

Impurities, meanwhile, are substances seen as artificial (or chemical, or unnatural) and tend to be avoided due to specific allergies or intolerances.

Examples: additives, preservatives, chemicals, pollution, dust, pet hair, gluten, germs.

- With a variety of diets falling in and out of favour and new ingredients being introduced as villains, consumers are well-acquainted with the idea of carefully selecting which ingredients to avoid. The most well-known and established villains are sugar, fat, and salt, which are being actively avoided to some degree by 37–47% of global consumers.

- Meanwhile dairy, red meat, and carbohydrates are the most likely to be being consumed in moderation, and are named as such by around half of the global population. The three most appealing claims for food and drink globally highlight that GMOs are avoided as an impurity, as more than a third of consumers find them unappealing.

### Key themes emerging from recent* food and beverage launches globally

| 1  | IMMUNITY – Helping consumers feel more in control of their individual health during a global health crisis |
| 2  | PLANT-BASED MEAT – Addressing concerns regarding animal welfare and food safety |
| 3  | DAIRY ALTERNATIVES – Offering more sustainable and ethical alternatives to dairy staples |
| 4  | HOME COOKING HELPERS – Nurturing newfound kitchen confidence whilst making maximum use of time |
| 5  | FLAVOUR EXPERIMENTATION – Satisfying the need for unique and exciting consumption experiences |
| 6  | MENTAL WELLBEING – Addressing the mental and emotional challenges associated with pandemic-driven uncertainty and social isolation |
| 7  | COMFORT AND INDULGENCE – Providing reassurance and pleasure to consumers through food and beverages |

*Source: GlobalData's Product Launch Analytics (PLA) reported in PLA from January 2020 onwards*
Even after the relaxation of restrictions in Japan, due to fears of COVID-19 infection, most consumers are worried about going out for shopping, with 78% of respondents extremely/quite/somewhat concerned about visiting stores and shopping outlets. On the other hand, online shopping has found great demand among consumers staying home for essentials such as healthcare, hygiene, toiletries where 20% consumers intend to purchase more frequently from online platforms, while non-essential items such as alcohol where 15% of them buy more frequently from online platforms.

Owing to increased health concerns associated with COVID-19, choice of products/brand is dependent on trust and familiarity of the brand. This is evident by the GlobalData market pulse survey where 13% customers believed familiar brand or product is more important than before/top priority when purchasing food/drinks, while 16% customers stated the same when purchasing household products (excl. food/drinks). Brands can capitalize on this trend to gain consumer trust through social initiatives that can strengthen brand image during the global crisis.

According to GlobalData market pulse survey in October 2020, breakfast has been the most affected dining out occasion due to COVID-19, with only 0.4% of respondents agreeing to eat breakfast at restaurants in the next few months. Whereas, only a fraction of respondents said the same about lunch (7%), dinner and snacks between meals (2% each). As customers are trying not to venture out unnecessarily, business in fine dining restaurants, fast-food outlets and other eateries are bearing the brunt of negative effects of the pandemic.

Source: GlobalData Market Pulse 2020 consumer survey, Images from Shutterstock
• Consumers are believed to have more trust on locally made products over imported ones. This is substantiated by the GlobalData Market Pulse 2020 consumer survey wherein 70%** of respondents stated that products made in the local country (country where you live) are trustworthy. This can be attributed to consumers seeking reassurance and safety in the familiarity and transparency of local products amid these turbulent times.

• However, products from China (70%***) were the least trusted by Japanese consumers followed by African and Central & South American countries (40%*** each). This is pegged to fears of virus contamination through products imported from countries affected by the pandemic.

Source: GlobalData Market Pulse 2020 consumer survey

**-Completely/Somewhat trustworthy, ***-Somewhat/not at all untrustworthy
Bioitalia - Pasta - Organic Chickpea; Organic Green Pea; Organic Red Lentil
Bioitalia has launched its range of Pasta in China, France, Germany, Italy, Japan, Russia, Switzerland, and the United Kingdom. The range comprises: Organic Red Lentil, Organic Green Pea, and Organic Chickpea; each is presented in a 250g paperboard box. The product is claimed to be gluten-free, high in fibre, and high in protein. Described as 100% lentil, green pea, and chickpea, the product may appeal to 69% of global shoppers who believe that food and drink with the lowest number of ingredients possible is either somewhat, or very appealing to them.

La Conditoria - Toertli - Aprikose; Birne
In Germany, Japan, Switzerland, and the USA, Marcel Schmid GmbH extended its range of Toertli (Mini Alpine Cake) marketed under the La Conditoria banner to include the varieties Birne (Pear), and Aprikose (Apricot) that offer the consumer convenient on-the-go format of what is traditionally a larger and heavier offering. Available in two sizes, a six count bag of individually wrapped mini cakes priced at 3.95 CHF, and a bag of 12 priced at 6.95 CHF. According to the pack label, each variety is free from artificial flavour, and colour. The brand describes the offering as “the smallest pear cake from Graubuenden in the world” - Graubuenden is a well-known region in Switzerland popular for Winter sports and its Alpine scenery. The brand further describes the product as being made "from the finest natural ingredients - for a diverse gourmet experience with real flavour."
AGF Blendy - Matcha Tea Stick - with Milk; without Milk
The AGF Blendy branded Matcha Tea Stick has been launched in two varieties - without Milk (4x7.5g) and with Milk (4x11g) that are promoted to contain 12.3% less plastic in comparison to other tea sticks of the same size. According to the brand, paper material is used a part of the packaging for the stick which allows a reduction in plastic and thereby states the launch as compatible with the environment. The first variant is described as “grown in the underground water of the Suzuka Mountains, Mie Prefecture, has a little bitterness and uses 53% of Suzuka Matcha,” offers “rich” and foamy flavour. 24% consumers in Japan mention their non-alcoholic beverage choices as always or often influenced by how ethical/environmentally-friendly/socially-responsible the product is and the new release could capture this cohort.

Millesime Chocolat
In Belgium, Canada, Germany, and Japan, Millesime Chocolat released a Des Chocolats Fins (Fine Chocolate) in a Madagascar, Nicaragua, Peru (Peru), Colombia (Colombia), Vietnam, Republique Dominicaine (Dominican Republic), Venezuela, Costa Rica Lacte 50% (Costa Rica Milk 50%), Costa Rica Dark 65% Equateur, Inde (India), Cameroun, and Bresil (Brazil) varieties that delivers a chocolate bar in a beans-to-bar millesime wine-alike option. The first variety is a 55% milk-based chocolate bar made with cocoa beans coming from the massif of Tsaratanana in Madagascar. Furthermore, the cocoa beans come from environmentally-friendly plantations that do not engage in intensive farming or contains genetically-modified strains.
INNOVATION IN JAPAN: PLANT BASED FORMULATIONS

**Asahi Green Calpis - Fermented Soy Milk Drink**
Recently in Japan, Calpis Co. has launched its Fermented Soy Milk Drink under the Asahi Green Calpis banner that is a plant-based soy milk drink. Presented in a plastic bottle, the product is tagged as no cholesterol. The brand says the new launch is "a plant-born product that is made by fermenting soy milk without using milk ingredients" and "the sweetness is mild and the taste is gentle." According to the pack label, this product contains "99kcal per bottle" and "free from dairy." 62% of shoppers in Japan think non-dairy milk alternatives concept/claims in food and drink product are very or somewhat appealing.

**Aquarius - Soft Drink - Lactic Acid Bacteria White**
In Japan, an Aquarius branded Soft Drink has been launched in a Lactic Acid Bacteria White variety that is claimed as plant-derived bacteria collected from pineapple (FL-664). The mention of utilizing a plant-based lactic acid bacteria (lactic acid bacteria is regarded as good bacteria) is likely to help portray this product as personalized, especially by those people who tend to avoid dairy but yet seek to incorporate this type of bacteria in their lifestyle. 37% of consumers in Japan mention their non-alcoholic beverage choices as always or often influenced by how well the product is tailored to their needs and personality and this plant-based lactic acid bacteria could interest those who tend to avoid dairy. This beverage is priced at 140.00 JPY for 500ml plastic bottles.
INNOVATION IN JAPAN: OMITTING ‘VILLAIN’ INGREDIENTS

Slim Twin Three Twins - Organic Ice Cream
Slim Twin Three Twins branded Organic Ice Cream is available in Lemon Cookie, Chocolate, Vanilla, and Cardamom varieties that are claimed to be sweetened using organic monk fruit. The new low sugar and high protein ice cream is positioned as a diet version of regular ice creams as it claims to be able to maintain its sweet taste due to the presence of monk fruit. The first variety is mentioned to offer the flavour of lemon cookie, contains 350 calories, and 22g of protein per pint. This may appeal to just under one in three (31%) consumers in Japan who are actively trying to reduce their consumption of sugar and to those seeking sugar-substitutes.

Sagamiya Beyond Tofu - Miracle Protein Tofu - Block Type
78% of Japanese consumers consume fats in moderation or are actively trying to reduce consumption of fats. Sagamiya Beyond Tofu branded Miracle Protein Tofu in a Block Type variant is said to be made using low fat soy milk. Noted to be “thick and rich,” this new vegan and vegetarian-friendly release is claimed to use fermentation method that did not use dairy products and is mentioned to feature an “excellent taste.” Offering a tofu made with low fat soy milk could appeal to health-conscious Japanese consumers who do not want to compromise with their taste, therefore seek products that are high in protein, low in fat, or offer health benefits. Priced at 516.00 JPY (AUD $ 6.61), the product is available in a 150g plastic vacuum packet.
INNOVATION IN JAPAN: FUNCTIONAL HEALTH

Kikusui - Caesar Dressing No Ramen Salad
Kikusui Ramen Noodle Salad with Caesar Dressing is sold in an overwrapped 330g plastic tray for 386.00 JPY (AUD $4.94). It is interesting to see how the manufacturer has customized a noodle product, that is popular in Asia, with a Western flavour (Caesar dressing) in order to meet the demand for experimentation and appeal to sensation-seekers, who are open to new taste concepts and are more likely to pick up unusual flavours from a known product. Also, the product is enriched with lactic acid bacteria that can help to maintain a healthy digestive system. This aspect might also strongly resonate with 66% of consumers in Japan who find products that are good for digestion and gut health somewhat or very appealing.

Danone Oikos - Yogurt - Red Dragon Fruit
In Japan, a Danone Oikos branded Yogurt has been introduced in a Red Dragon Fruit variant that is claimed to support people who move their bodies with high protein. The new drained yogurt is stated as collaborated with Nonaka players to support Miho Nonaka (a professional climber participating in IFSC Climbing World Championships 2019 held in Japan). The new no fat dairy product is mentioned to offer 9.6g of protein per cup to aid in creating body suitable for sports persons and offers less than 100 calories. The specifications in this launch may resonate with those consumers in Japan who note their food product choices as always (20%) or often (33%) influenced by how well the product is tailored to their needs and personality.
INNOVATION IN JAPAN: OTHER HEALTH & WELLNESS BENEFITS

Hagoromo Popolospa CarbOFF - Pasta - Half
Hagoromo Popolospa CarbOFF branded Pasta is available in a ‘Half’ variant that is said to feature 50% less carbohydrate as compared to other dried macaroni spaghetti in Japanese food standard ingredient table 2015. Mentioned “half size perfect for one pot pasta and salad,” this launch could appeal to those consumers who are trying to reduce their intake of carbohydrates for weight management. Japanese consumers consume carbohydrates in moderation (56%) or are actively trying to reduce consumption of carbohydrates (20%), suggesting substantial demand for products containing low carbohydrates. Priced at 213.00 JPY (AUD $2.73), the product is available in a 150g resealable plastic pouch.

Glico Mental Balance Gaba - Chocolate - for Sleep
Glico Mental Balance Gaba branded Chocolate launched in a ‘for Sleep’ variant, is claimed to help improve sleep quality. The brand states 3 pieces of chocolate to contain 100 mg of gamma-aminobutyric acid that is mentioned to also improve the depth of sleep and provide a refreshing feeling while waking up. This uncommon product positioning is likely to gain the attention of those 27% of consumers in Japan who mention their food product choices as always or often influenced by how enjoyable or unique the product is. Each 50g paperboard box contains 12 pieces.
IMPLICATIONS AND OPPORTUNITIES FOR THE FOOD & BEVERAGE INDUSTRY

Embrace holistic health
Consumers are demonstrating growing interest in how their product choices not only impact their physical health, but also their mental wellbeing and the broader welfare of the community and the environment.

Substantiate product claims
During this time of heightened anxiety, trust has never been more critical. Manufacturers will need to ensure product claims are supported by credible sources, and strive to engage with consumers in a meaningful and authentic way.

Emphasize provenance
The pandemic has compelled consumers to take more responsibility for their choices and ask more questions about where their food comes from, making food traceability paramount.

Emphasize sustainability claims
Consumers are conscious of how products are dealt with after their use, and their impact on the environment. This is driving forward biodegradable formulations and packaging solutions, which can be expected to become mainstream in future.

Be wary of novelty for novelty’s sake
Consumers are particularly receptive to new flavours and ingredients during self-isolation, but when the novelty wears off products will need more substantial features and benefits to justify re-purchase.
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