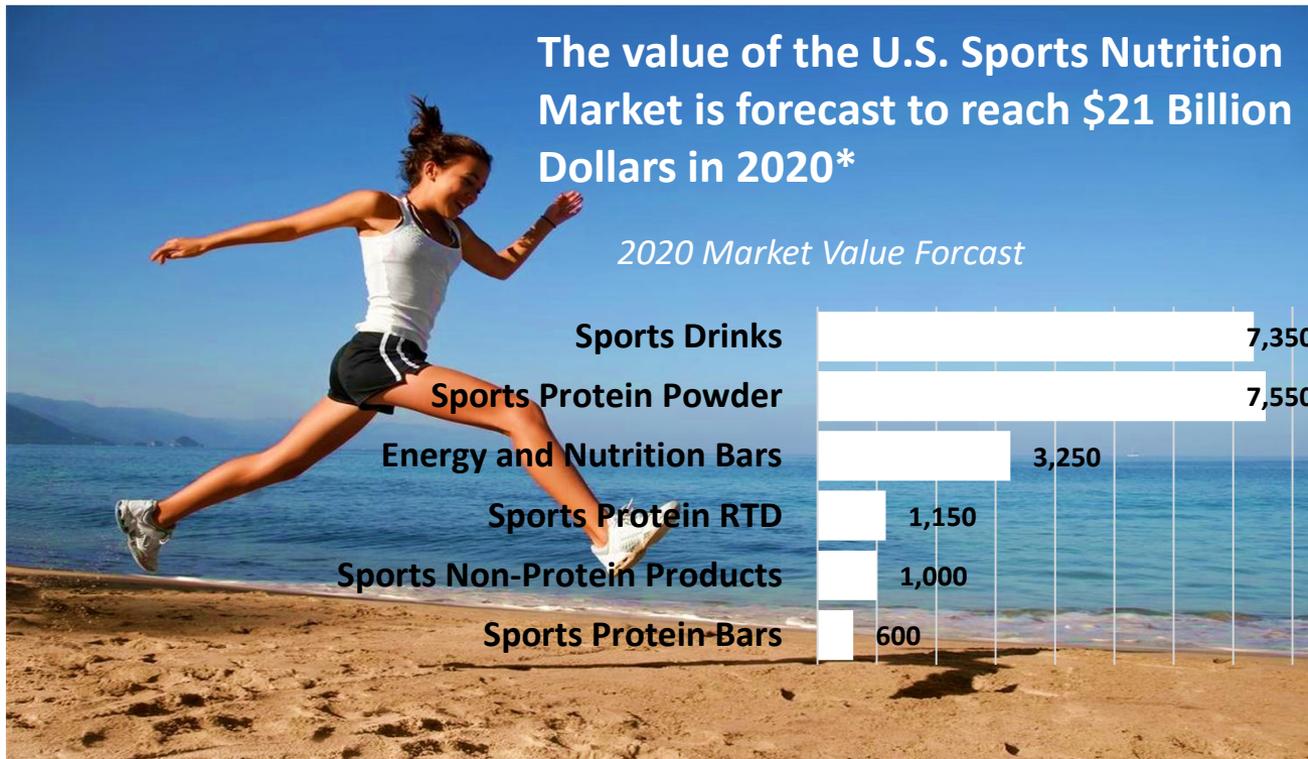




New Product Competition 2019 Challenge: *Dairy for Performance Nutrition*



August, 2018

*source: www.statista.com

The statements made and information provided in the current and subsequent slides are based on consumer insights and cannot be used to make product claims. Claims must be truthful and not misleading, supported by scientific data and aligned with regulations in the current marketing environment.

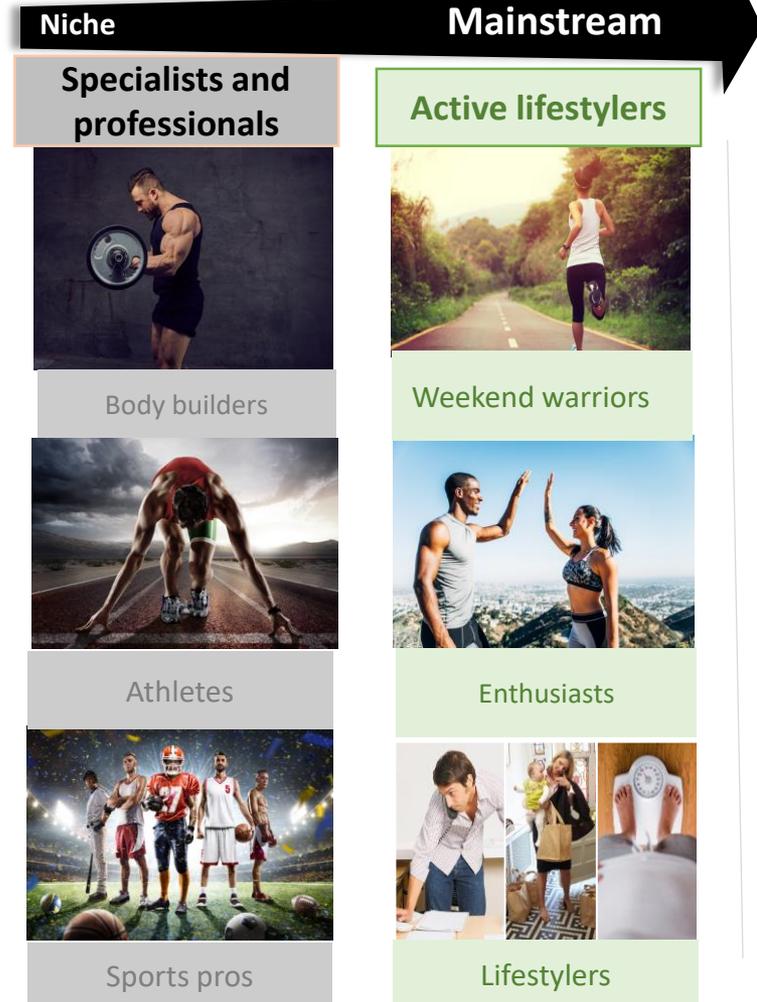
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75% of U.S. Adults are current or potential consumers for sports and nutrition food and beverages

Who are sports nutrition consumers?

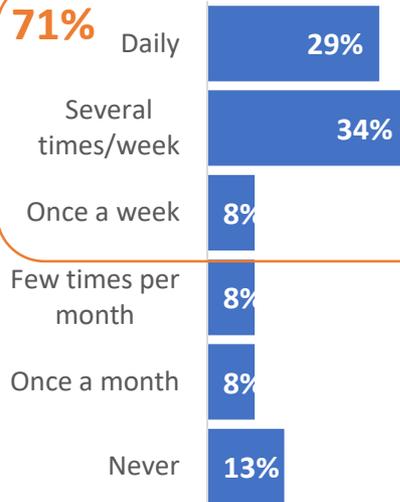
Specialists and sports professionals is a niche category



Larger opportunity lies with mainstream active lifestyle consumers as they represent a much larger share of the population

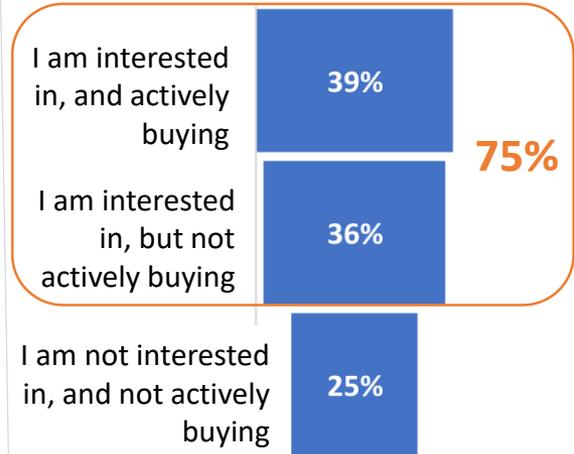
71% of mainstream American adults claim to exercise at least once a week

How frequently do you exercise?
Total U.S. Adults (18+)



39% of American adults are in the market for food & beverage products that are targeted toward fitness and an additional 36% represent potential purchasers

How interested are you in food/drink products targeted toward fitness?



Source: GlobalData: Capitalizing on Innovation Opportunities Within Sports Nutrition, April 2018; Consumer research Q4 2017

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Looking or feeling good, maintaining/improving strength and losing or maintaining weight are among the top 5 motivators across gender and age groups

Why do we exercise?

What are your Main motivations for Exercising?	% Total Adults (18+)
To lose weight/ burn fat	47%
To look or feel good	46%
To maintain or improve strength	43%
To reduce risk of disease/ support general health	39%
To improve or maintain fitness levels	36%
To maintain current weight	34%
To de-stress	26%
For fun/enjoyment	24%
To gain weight/ build muscle	20%
To socialize	8%
None of the above	3%

Key Differences by Gender

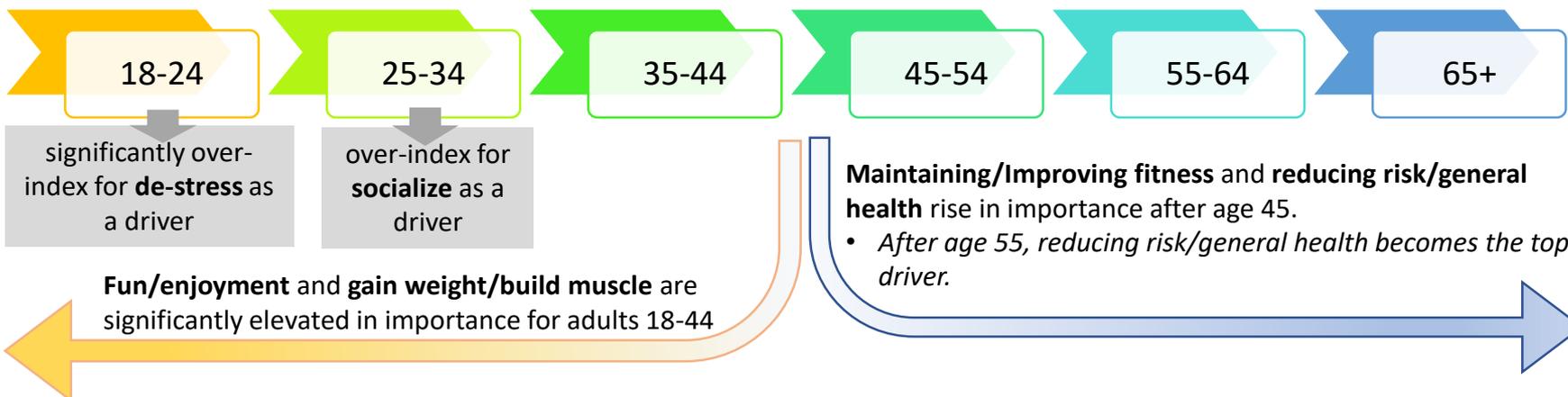


Women are more likely than men to exercise to **reduce risk of disease/support general health**



Men are significantly more likely than women to exercise for **fun/enjoyment** or to see exercise as a **social outlet**. They are also significantly more likely to exercise to **gain weight or build muscle**.

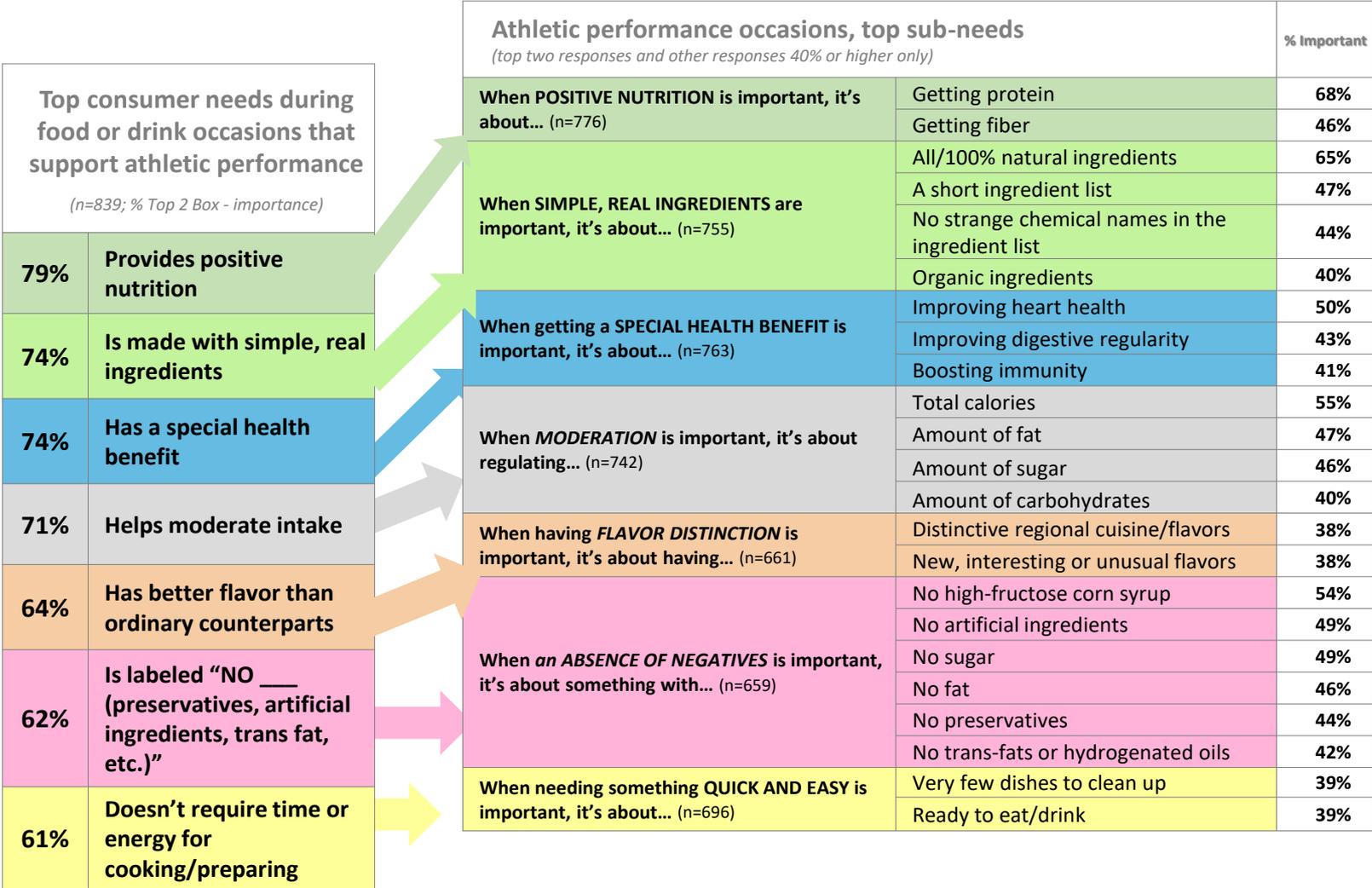
Key Differences by Age



Source: GlobalData: Consumer research, Q4 2017

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When consumers have a food or drink that supports athletic performance, their top needs are getting something that ...



Source: The Hartman Group, Hartman Compass, 2016-17.

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Consumers often understand performance as being targeted functionality that comes from the inherent nutritional density of foods and beverages

It is about helping individuals adapt or “raise their game” to meet the demands of a given situation or task.

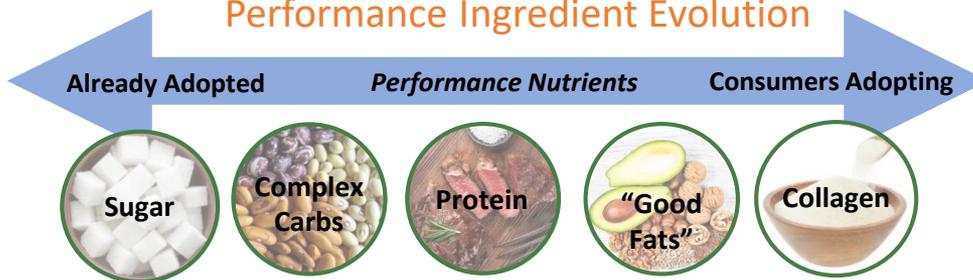
Inherent functionality most often stems from a consumer perception that a product is **nutrient dense**

Today’s consumers also believe that the symbols of fresher, less processed food and beverages allow them to get the most from the inherent goodness of food and help add up to something that is nutrient dense

Top Consumer tenets of Nutrient Density

- 1. Inherent nutrition is better**
Nutritional composition of more complex foods is better aligned to the body’s needs
- 2. It’s not about a specific health problem**
Accumulating positive nutrients all together helps the body work better
- 3. It’s about more than the nutrition facts panel**
Quality of calories, not the number of calories
Implicit nutritional attributes, not explicit nutrient claims
- 4. It’s about what’s NOT there**
Foods without chemicals are better for you
- 5. It’s about a connection to food**
Sourcing that is transparent and production that hasn’t compromised the food

Performance Ingredient Evolution



Many consumers are familiar with sugar’s quick energy boosting properties and the sustained energy provided by complex carbohydrates. Most are also now familiar with protein as performance fuel. But the benefits of “good fats” are only now becoming more mainstream. Collagen is an emerging ingredient some health- and athletic-oriented consumers are deliberately adding to their diets.

Source: Hartman Group, Health and Wellness, 2017

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Representative examples of trend-forward, performance-oriented products*

Eating for performance has become part of progressive health and wellness consumers' everyday lifestyles. Every eating occasion is an opportunity to fuel performance, beyond moments before and after exercise.



BRAMI, made with lupini beans, a type of legume, provides consumers a long-lasting source of energy.



Gatorade uses whey protein and delivers complex carbs for muscle recovery, immediate fuel, and energy replenishment.



Joints feeling achy? Vital Proteins' collagen helps support healthy bones, joints, digestion, and muscle recovery. Just add to water, mix, and drink.



There has recently been a rise in consumer interest in functional ingredients that reflect Indian Ayurvedic tradition, which is oriented towards restoring balance to an individual's physical, mental, and emotional states. Many Ayurvedic foods incorporate dairy—often in the form of ghee, paneer, or milk.

Representative of consumer interest in healthy fats, MCTs in coconut oil are said to increase brain function and energy.

Source: The Hartman Group

*Supporting data has not been verified. All claims must be supported by scientific data. See disclaimer on first slide.



- Consumer perception of “energy”, “healthy”, “natural”, etc., may differ from the scientific and regulatory views.
- The regulatory definition of “energy” is calories (food energy).
- The regulatory definition of “healthy” is [defined](#). Additionally, FDA is providing enforcement discretion [here](#).
- “Natural”/“All Natural”/“Made With Natural Ingredients” is not defined, but is being reviewed by FDA. A cautious approach is recommended.
- Products in the marketplace convey energy benefits in a variety of ways including by product name, ingredients or images.

Therefore

- ✓ Substantiation of product benefits must include support for all express and implied claims
- ✓ The substantiation must be truthful and not misleading and include a review of the totality of the scientific evidence and reflect the strength of the science at the time the claim is made
- ✓ Substantiation may include proprietary (non-public) research results
- ✓ It is advisable to seek the advice of counsel before making claims
- ✓ For further considerations, please see this [link](#)

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See disclaimer on first slide.