

Natural Products Marketplace 2007 Report (The) - US - October 2007

Introduction and Abbreviations

What you should know

Definitions

Natural products

Frozen and refrigerated

General merchandise

Grocery

Packaged produce

Refrigerated

Vitamins & supplements, herbs & homeopathic

Abbreviations & terms

Abbreviations

Terms

Executive Summary

Natural products are a \$56.8 billion industry

Consumers seek natural products because of eco-concerns

Natural and organic: close, but not identical

Cause related marketing and natural products are a good fit

Concern about the safety of the food supply

Growing demand for organic products grows organic acreage

The price of conventional food continues to rise

Fair trade products fit with the ethos of the natural consumer

Food allergies and sensitivities

Environmental allergies and sensitivities

Concern for pets

Alternative medicine and traditional medicine

Focus on natural product sales through FDM and natural channels

**All natural product sales through FDM and natural channels: \$21.5 billion in
2006**

Natural food and drink sales through FDM and natural channels

Natural vitamin and herb sales through FDM and natural channels

Other natural products: personal care, household, pet products

Supply structure

FDM channels dominate—73% of sales

Food and drink
Vitamins and herbs
Other natural products

Market Drivers and Future Trends

Sustainability and other eco-concerns

Organic and natural food products

Figure 1: New food and beverage products making a claim of organic or all natural, 2002-07

Future growth will benefit from a clear message

Natural products manufacturers at forefront of cause related marketing

Figure 2: 2006 Alloy U Award winners for Top Socially Responsible Brands as recognized by college students

Figure 3: Cause-related campaign purchase influence, July 2007

Figure 4: Appropriate products for cause-related marketing, by gender, July 2007

Food- and beverage-related issues

The current situation: concern about foodborne illness drives natural and organic purchases

Demand for organic food leads to increase in organic acreage and animal herds

Figure 5: Total organic acreage and animal herds, 2000-05

The relative price difference between natural and conventional products

The current situation: the price of conventional foods continues to rise

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Future trend: Price may not be an issue in the future

Fair Trade certification

Figure 7: International new fair trade product launches, 2004-07

Allergies and sensitivities

Food allergies and sensitivities

Environmental allergies and sensitivities

The “greening” of consumer products

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Concern for health and well-being of pets

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Alternative medicine and supplement use

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Figure 11: Purchase of homeopathic and herbal remedies in the past six months, by age, May 2006

Market Size and Trends

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A closer look at the natural retail channel

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Introduction

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Food and drink

Overview

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Dry grocery (food and beverage)

Figure 17: Sales of natural dry grocery products (food and beverage) through conventional FDM and natural supermarkets, at current and constant prices, 2004-06

Refrigerated food and drink

Figure 18: Sales of natural refrigerated food and drink through conventional FDM and natural supermarkets, at current and constant prices, 2004-06

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Figure 19: Sales of natural packaged produce through conventional FDM and natural supermarkets, at current and constant prices, 2004-06

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Overview

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Overview

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Supply Structure**Food and drink****Overview of company/brand sales of natural food and drink**

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Dry grocery (food and beverage)

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Refrigerated food and drink

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Vitamins and herbs**Overview of company/brand sales of vitamins and herbs**

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Natural products

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Natural food and drink products

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Figure 46: Forecast of U.S. FDM and natural supermarket of natural vitamin and herb products, at current and constant prices, 2006-08

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Figure 47: Forecast of U.S. FDM and natural supermarket of other natural products, at current and constant prices, 2006-08

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Appendix: SPINS Overview

Mission

Industry reporting services

Retail measurement services

SPINSscan Natural

SPINSscan Conventional

Consumer information services

Syndicated Marketplace Reports

SPINS Product Library

Consulting Services

Appendix: SPINS' Methodology

SPINSscan Natural - Retail Measurement Services (RMS) for the Natural

**Products Supermarket Channel
SPINSscan Conventional - Retail Measurement Services (RMS) for Natural
Products selling through Conventional Food, Drug and Mass Channels**