

STATE OF THE

NATURAL INDUSTRY

2019



Foreword

Tony Olson, SPINS Owner & CEO

The Natural Products Industry has seen incredible growth and evolution over the past 20 years. In that span of time, SPINS data has emerged as the common language connecting natural brands, retailers, and their partners and has directly fostered the growth and proliferation of better-for-you products in North America. We're proud of the role we have played: helping brands leverage insights to innovate and scale and also working hand in hand with natural and specialty retailers to help them differentiate, compete, and thrive. Our cross-channel data has given us a front-row seat to the evolution of the trends and brands driving this industry forward, and our Product Intelligence has allowed us to pinpoint and anticipate the key factors driving consumer behavior at shelf, including emerging consumer ways of eating and brand positioning, providing insight along the way into where the industry was going.

That is why we are so pleased to usher in this moment in natural. In 2019, best-in-class brands and retailers are meeting natural consumers' demand for better products that fit their lifestyles and specific ways of eating – and doing so on an unprecedented scale. Natural products and consumers are no longer relegated just to natural retailers but are actively shaping the future of conventional retail.

In our 2019 State of the Natural Industry report, SPINS explores this growth through its lens of proprietary retail perspective and Product Intelligence to uncover the trajectory of natural products' growth, the evolution of the natural consumer, and key changes in category dynamics.



TABLE OF CONTENTS

How Natural Food & Beverages are Driving Growth at Retail	4-6
<ul style="list-style-type: none"> • Outpacing the Total Market • By Retail Channel • Across the U.S. (by Region) 	
Key Growth Categories for Natural Products	7-11
<ul style="list-style-type: none"> • Fastest Growing and Declining Categories • Natural Products' Highest Market Share by Category • Spotlight on Supplements • Spotlight on Body Care 	
Today's Natural Consumers and the Trends Shaping Buying Behavior	12-15
<ul style="list-style-type: none"> • Consumer Panel Data and NaturalLink Segmentation • Spotlight on Organic • Spotlight on Top Macro Trends 	

METHODOLOGY

- SPINS' State of the Natural Industry report includes SPINS' proprietary Natural and Specialty Gourmet Channels as well as Conventional Multi Outlet and Convenience Channels (powered by IRI).
 - This report reviews three years of data (from the 52 weeks ending May 21, 2017) as well as the current year (52 weeks ending May 19, 2019).
 - The preponderance of this report reviews grocery channels, where cross-channel grocery is defined as Natural, Specialty Gourmet, and Conventional Multi Outlet Channels.
 - The Convenience Channel is reported on the same time frame but separately from grocery channels.
 - Specific citations for data used in this report are as follows:
 - ¹ SPINSscan Natural and Specialty Gourmet Channels (proprietary) and Conventional Multi Outlet Channel (powered by IRI). 52 weeks ending May 21, 2017; 52 weeks ending May 20, 2018; 52 weeks ending May 19, 2019.
 - ² SPINSscan Conventional Multi Outlet Channel (powered by IRI). 52 weeks ending May 19, 2019.
 - ³ SPINSscan Convenience Channel (powered by IRI). 52 weeks ending May 19, 2019.
 - ⁴ SPINSscan Natural and Specialty Gourmet Channels (proprietary) and Conventional Multi Outlet Channel (powered by IRI). 52 weeks ending May 19, 2019.
 - ⁵ SPINSscan Natural and Specialty Gourmet Channels (proprietary). 52 weeks ending May 19, 2019.
 - ⁶ SPINSscan Natural and Specialty Gourmet Channels (proprietary). 52 weeks ending May 20, 2018.
 - ⁷ NaturalLink segmentation and consumer panel data are a joint service of SPINS and IRI. This data reports on all categories and all retail outlets, and it represents the 52 weeks ending December 30, 2018.
- In this report, SPINS' proprietary Product Intelligence is used to segment natural products in the broader marketplace as well as to track the performance of functional ingredients, product types, products that are positioned as Paleo, and products that are labeled grain-free, organic, and vegan.
- Food and beverage is defined as frozen, refrigerated, and shelf-stable grocery and produce departments; inclusive of UPC-coded products only.

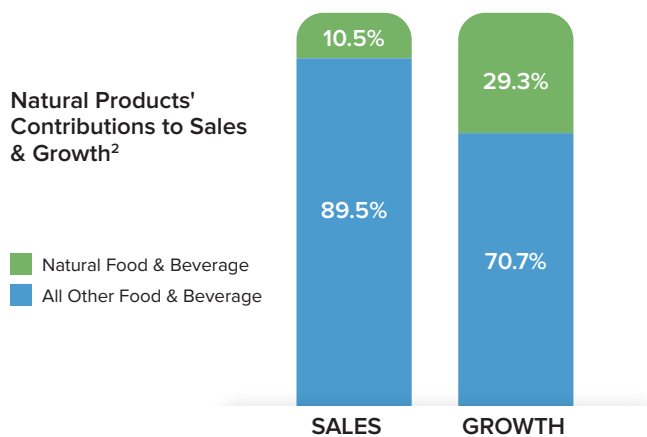
Natural Products Are Driving Growth at Retail, Outpacing The Total Market

SPINS data shows that the total food and beverage retail landscape, encompassing natural, specialty, and conventional retail, is growing only slightly year over year, 1.7% to a vast \$448.2 billion market. The growth of natural food and beverage products is significantly higher at 5.0% in the same time frame, although growth decelerated slightly in 2019 versus prior years.

Natural Products in Food & Beverage ¹				
	\$ VOLUME	% CHG	UNITS	% CHG
2016	\$38.7B	--	11.51B	--
2017	\$41.7B	7.8%	12.39B	7.6%
2018	\$45.0B	7.9%	13.24B	6.8%
2019	\$47.2B	5.0%	13.69B	3.4%

All Food & Beverage ¹				
	\$ VOLUME	% CHG	UNITS	% CHG
2016	\$429.1B	--	161.82B	--
2017	\$431.6B	0.6%	162.32B	0.3%
2018	\$440.5B	2.1%	162.85B	0.3%
2019	\$448.2B	1.7%	162.76B	-0.1%

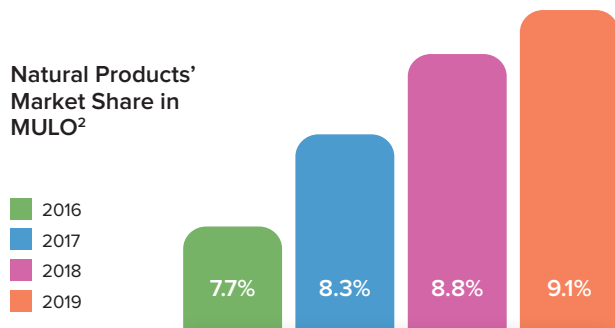
Natural products are 10.5% of the dollar volume, yet responsible for 29.3% of dollar growth across the total marketplace, in part due to a more premium price point.



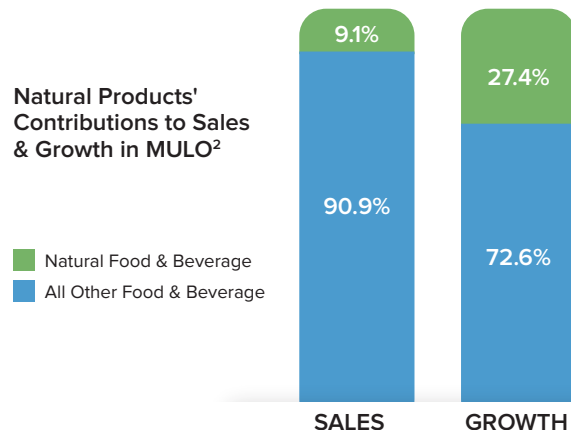
In recent years, we have witnessed the proliferation of natural products beyond the walls of natural retailers. While we continue to see strong growth of natural products in natural and specialty retail outlets (4-5%) each year, we are also pleased to see natural gaining a foothold in conventional retail, capturing even greater dollar share every year for the past three years to arrive at 9.1% dollar share in 2019.

Natural Products' Growth by Retail Channel¹

	Natural & Specialty Gourmet Channels		Conventional Multi Outlet Channel (MULO)	
	\$ VOLUME	% CHG	\$ VOLUME	% CHG
2016	\$6.7B	--	\$32.0B	--
2017	\$7.0B	4.9%	\$34.7B	8.4%
2018	\$7.3B	4.5%	\$37.6B	8.6%
2019	\$7.6B	4.2%	\$39.6B	5.2%



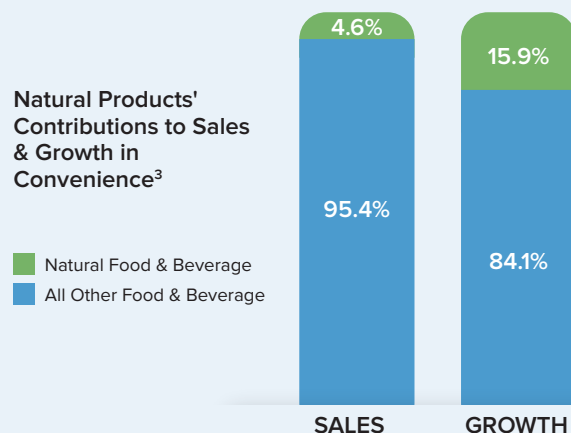
Conventional retailers are wise to continue bringing in natural products, as the data shows that these products are delivering high growth. In the year ending May 2019, natural products made up 9.1% of total dollar volume for food and beverage categories in the Conventional Multi Outlet Channel but were responsible for 27.4% of growth.



Spotlight on Convenience

Natural food and beverages show impressive growth in the Convenience Channel in particular, with a walloping 12.6% dollar growth to \$2.7 billion and 11.0% unit growth, the highest in three years (unlike the decelerating rates in cross-channel grocery). While natural products still make up less than 5% of total dollar volume in this channel, we see them overdelivering contributions to growth against the total Convenience marketplace. Natural performance beverages, enhanced waters, puffed snacks, and kombucha are just a few key subcategories driving growth.

In the year ending May 2019, natural products made up 4.6% of dollar volume but delivered more than three times that in growth, contributing 15.9% of dollar growth for food and beverage categories in the Convenience Channel.

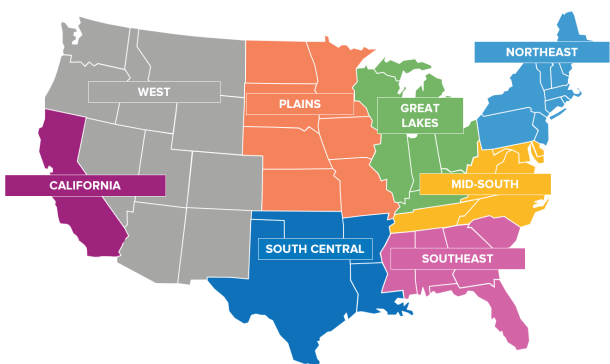


Natural performance beverages, enhanced waters, puffed snacks, and kombucha are just a few key subcategories driving growth in Convenience.

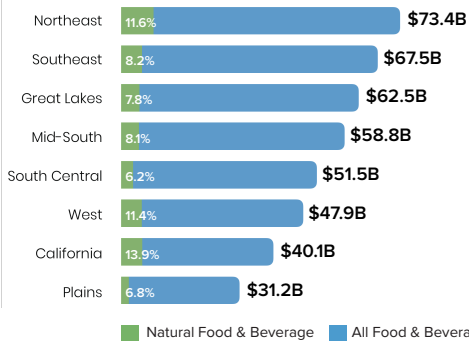
The Coasts Are Still Leading the Country in Adoption of Natural

Across the U.S., adoption of natural products is highest on both coasts. California continues to drive the leading edge of natural-product adoption with 13.9% market share for natural products, \$5.6 billion of the state’s total \$40.1 billion in the Conventional Multi Outlet Channel. Among the categories driving natural products’ growth in this region are refrigerated juices & functional beverages as well as refrigerated plant and dairy milks. The Northeast isn’t far behind California with an 11.6% share of market, amounting to an impressive \$8.5 billion in natural product sales of its overall \$73.4 billion food and beverage market for the channel. We see natural products’ share of refrigerated yogurt & kefir over-indexing in the Northeast compared to other regions.

Conventional Multi Outlet Channel Region Map



Total Sales and Natural Products' Share by Region²



Dollar & Point Change

Region	Current Year % Chg	Point Growth vs. YA
Northeast	+2.8% +1.2%	-3.7 +0.2
Southeast	+5.4% +1.8%	-6.4 -1.6
Great Lakes	+4.5% +1.1%	-4.1 -0.2
Mid-South	+6.1% +2.4%	-3.4 +0.8
South Central	+5.4% +0.9%	-4.0 -1.3
West	+6.8% +3.0%	-1.6 +0.2
California	+4.8% +1.3%	-5.0 +1.3
Plains	+6.3% +2.1%	+1.8 +0.8

Natural products’ dollar volumes are growing in every single region, but growth rates have slowed in all but one place: the Plains region, where natural products did accelerate by 1.8 points over the prior year to 6.3% growth for natural products. The West leads the regions by dollar growth and percent change with 6.8% growth year over year, an impressive figure relative to its substantial 11.4% natural market share (which ranks third behind only California and the Northeast).

Middle America (including the Plains, South Central, and the Great Lakes) is lagging behind the coasts in its overall share of natural products, but natural wellness bars & gels have higher share of market in those regions than others.

Top 10 Largest Categories & Natural Products’ Dollar Share in MULO²

Dollar-Share Index by Region

Category	Market Share	Northeast	Southeast	Great Lakes	Mid-South	South Central	West	California	Plains
Produce	9.4%	94	113	111	102	85	100	94	97
Refrigerated Yogurt & Kefir	7.1%	123	86	105	94	91	94	87	107
Shelf-Stable Chips, Pretzels, & Snacks	5.3%	107	102	103	104	100	90	88	107
Refrigerated Eggs	4.3%	113	136	80	99	103	73	102	65
Refrigerated Juices & Functional Beverages	4.3%	77	110	94	92	89	117	127	101
Shelf-Stable Wellness Bars & Gels	4.2%	92	77	121	101	121	112	82	129
Shelf-Stable Water	4.1%	70	108	105	98	142	101	107	109
Frozen Desserts	4.0%	107	99	95	105	93	93	103	98
Refrigerated Milk	3.7%	105	98	86	111	109	86	121	57
Frozen & Refrigerated Meat, Poultry, Seafood	3.7%	95	111	98	104	97	93	89	138

■ Over Index: Share Index ≥ 120 ■ Under Index: Share Index ≤ 80

Animal Proteins and Functional Beverages are Rising in Natural

Fastest-Growing Categories for Natural Food & Beverage⁴

	\$ VOLUME	\$ GROWTH	% GROWTH NATURAL	% CHANGE TOTAL CATEGORY
Produce	\$3.8B	+\$249.3M	+7.0%	+2.4%
Shelf-Stable Water	\$1.8B	+\$239.3M	+15.0%	+7.6%
Refrigerated Eggs	\$2.2B	+\$131.7M	+6.4%	+4.3%
Shelf-Stable Functional Beverages	\$275.7M	+\$117.1M	+73.9%	+7.7%
Frozen & Refrigerated Meat, Poultry, Seafood	\$1.8B	+\$115.7M	+7.0%	+1.7%



Produce and shelf-stable water categories show strong performance among both natural products and the total marketplace, with water's growth fueled largely by enhanced, flavored sparkling, and flavored non-carbonated waters. A three-year view of fastest-growing categories for natural products and for the total marketplace finds these categories ranking first and second over the longer time frame, as well.

Shelf-stable functional beverages claimed the number-four spot on the natural list. While natural products across the entire category grew substantially over three years, natural performance beverages led the charge with 92.3% growth (by \$104.8 million) to \$218.4 million this year.

Eggs, shelf-stable functional beverages, and frozen & refrigerated meat, poultry, & seafood are relative newcomers to the natural-products top-five list for this year; whereas the three-year view shows frozen desserts, bread & baked goods, and shelf-stable wellness bars & gels with the greatest change over the longer time period, behind produce and water.

Fastest-Declining Categories for Natural Food & Beverage⁴

	\$ VOLUME	\$ DECLINE	% DECLINE NATURAL	% CHANGE TOTAL CATEGORY
Refrigerated Yogurt & Kefir	\$3.2B	-\$80.8M	-2.4%	-2.4%
Frozen Desserts	\$1.8B	-\$64.7M	-3.5%	+0.9%
Shelf-Stable Juices	\$830.0M	-\$45.5M	-5.2%	-0.2%
Shelf-Stable Oils & Vinegars	\$592.4M	-\$34.0M	-5.4%	-1.7%
Refrigerated Milk	\$1.7B	-\$20.5M	-1.2%	-2.8%



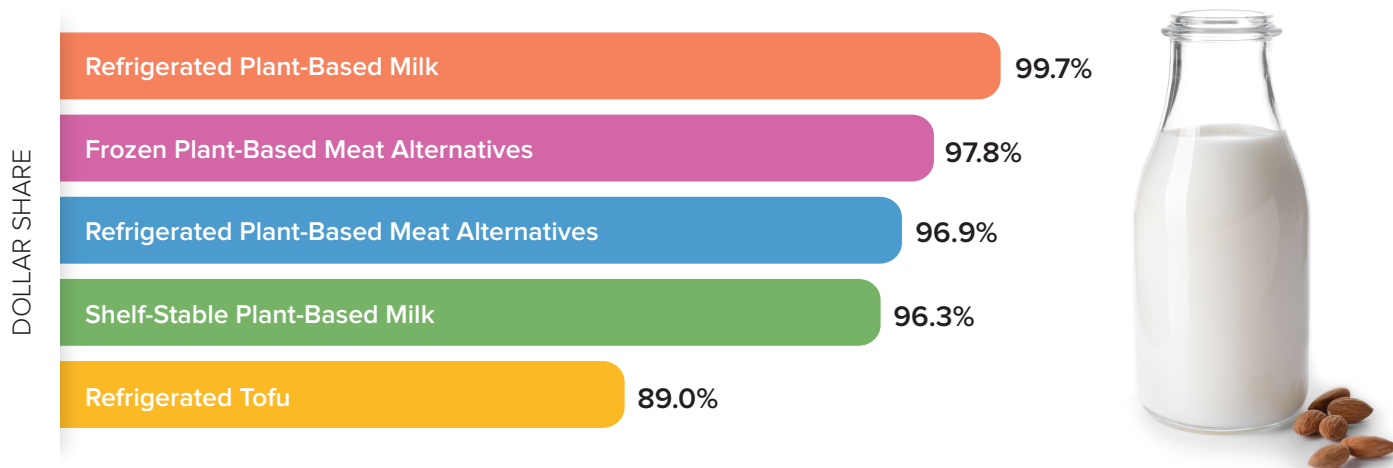
Frozen desserts in particular weathered an interesting change, posting tremendous growth in 2017 and 2018, followed by a sharp drop in 2019 that landed the category on the fastest-declining list. Prior growth was driven largely by a booming market for better-for-you options featuring functional ingredients like protein and alternative sweeteners, but 2019 shows that market beginning to contract with a \$64.7 million loss.

Yogurt & kefir saw declining sales across the board. Although, in the natural space, the category still holds the second highest spot in total dollar volume and maintains leadership by unit volume, even as both measures show decline. The subset of plant-based yogurt alternatives, however, has grown in double digits by both measures for the last three years.

Natural Share of Category is Highest for Alternatives to Milk and Meat

Perhaps not surprisingly, plant-based foods top the list for natural products' share of their categories.

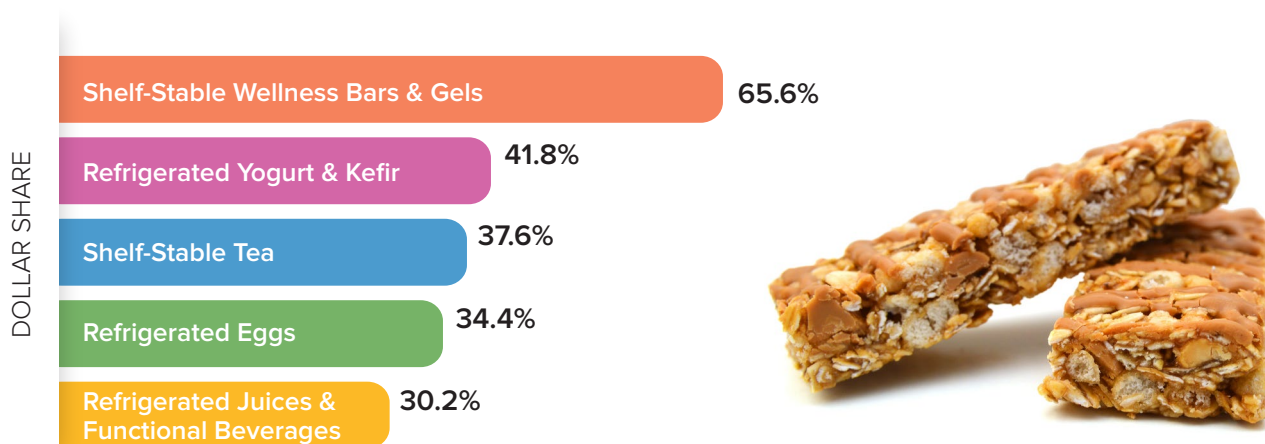
Top Categories (#1-5) for Natural Products' Share of Market⁴



But behind plant-based milk and meat alternatives (and tofu), natural products in wellness bars, yogurt & kefir, tea (packaged, not ready to drink), eggs, and refrigerated juices & functional beverages ranged from 65.6% market share to 30.2% of their respective categories in the past year.

In shelf-stable tea, in particular, natural and specialty items carried the category with growth while conventional items declined. Eggs grew across the board, with conventional items making up roughly two-thirds of the category's dollar volume and experiencing growth, but natural eggs' 6.4% growth twice outpaced conventional eggs' percent growth of 3.2%. In refrigerated juices & functional beverages, certain conventional juices continued to grow, but, as a broader segment, natural products were the only ones to show overall growth, with considerable contributions from kombucha's climbing sales.

Top Categories (#5-10) for Natural Products' Share of Market⁴



Natural Is Taking Share in Creamers, Sweeteners, Beverages, and Baby Food

Measuring where natural products grew their cross-channel share from 2018 to 2019, nine categories raised their share by a full point or more. A few highlights include creams & creamers, functional beverages, sweeteners, and baby food.

Natural Products' Share of Key Categories in 2019



REFRIGERATED-
CREAM & CREAMERS
8.8%



SHELF-STABLE
CREAM & CREAMERS
4.8%



SHELF-STABLE
FUNCTIONAL BEVERAGES
4.0%



SHELF-STABLE
SWEETENERS
23.7%



SHELF-STABLE
BABY FOOD
11.2%

Both shelf-stable and refrigerated creams & creamers make the list, and a closer look reveals growing sales for both animal- and plant-based products. Among refrigerated items, many of the top-growing dairy creams & creamers come from brands with strong missions in sustainability and commitments to animal welfare. Top-performing plant-based options appear in both refrigerated and shelf-stable sets, as well. The greater creams & creamers segment reflects a kind of premium renovation, supported by functional-ingredient enhancements such as medium-chain triglycerides (MCT) oil and superfoods marketed for cognitive focus.

In shelf-stable functional beverages, isotonic sports beverages are a strong force for natural products' growing share of the category, especially those with coconut water at their base – an interesting iterative development as the shelf-stable coconut water category itself shows decline. The number of new natural entrants to the sports-beverage category over recent years, as well as their success in the market, shows the growing ties between fitness and the broader wellness industry as consumers seek out performance products that also meet their high standards for other natural food, beverages, and supplements.

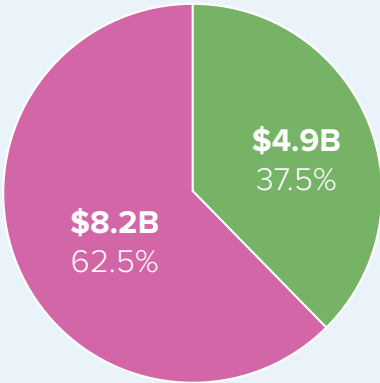
As more consumers become increasingly conscious of their sugar intake, the shelf-stable sweeteners category shows decline across all subcategories except in the area of low- and no-calorie sweeteners. Viewing natural products in the category, however, shows that natural products such as erythritol and monk fruit are responsible for that subcategory's growth. Demonstrating a shift in how shoppers do satisfy their taste for sweetness, natural options in granulated sugar cane (particularly among private-label products) and in maple syrup are also showing growth.

While conventional items still show some growth specifically in standard baby food and formula subcategories, they're declining overall. By contrast, natural products show growth across nearly every subcategory of the broader category, including cereals, teething biscuits, and toddler snacks. The \$5.8 billion category's overall sales are fairly flat with 0.9% growth, but natural items are up 11.2% to \$646.0 million with the strongest growth coming from the Conventional Multi Outlet Channel, where they grew by \$64.1 million and 11.9% over the prior year's sales. The category also houses a high concentration of organics: certified organic products (95-100% organic) represent \$593.5 million of natural products' sales in this segment.

Looking Ahead

We can get a good sense for where the industry is going by looking at the fastest-growing categories for natural products in SPINS' Natural and Specialty Gourmet Channels, since these retailers are on the front line of natural innovation.

What's especially unusual is that, in these channels, this year's list of fastest-growing categories departs significantly from prior years' lists. Produce and meat, poultry, & seafood made the list in 2017, but candy, salty snacks, and eggs are all newcomers to the top five (compared to 2017 and 2018). We expect this demand to continue to accelerate in conventional retail in the future.



Spotlight on Supplements

Using SPINS' Product Intelligence to segment natural products' sales against the broader wellness supplements market, the landscape of the \$13.1 billion vitamins & supplements department shows that natural items make up just over a third of dollar volume. However, natural products are growing faster at 5.3% compared to the total market's rate of 3.0%

◀ **Vitamin & Supplement Sales⁴** | ■ Natural Vitamins & Supplements ■ All Other Vitamins & Supplements

Innovative Retail Channels Capture Unique Growth with Key Functional Ingredients

In SPINS' Natural and Specialty Gourmet Channels, natural vitamins & supplements are growing at 5.9% to \$1.2 billion. A significant portion of growth comes from cannabidiol (CBD) and hemp supplements, especially oils, as retailers (especially those in the innovation channels) embrace loosening regulations around the trending ingredient. Protein supplements show considerable growth, as well, much of which comes from collagen.

In the Conventional Multi Outlet Channel, natural vitamins & supplements' 5.1% growth to \$3.7 billion is especially impressive. Much of the growth comes from sales of melatonin, women's multivitamins, and a variety of plant and animal proteins, including collagen.

A look into the fastest-growing functional ingredients for natural supplements shows some overlap across retail channels, specifically around growing demand for collagen as well as plant-based protein. But the Natural & Specialty Gourmet Channels show more specific growth for ingredients tied into other leading-edge trends, such as medium-chain triglycerides, often marketed for cognitive support, and magnesium, a mineral linked to a wide range of benefits including calm and muscle relief as well as a supporting role for consumers on the ketogenic diet.

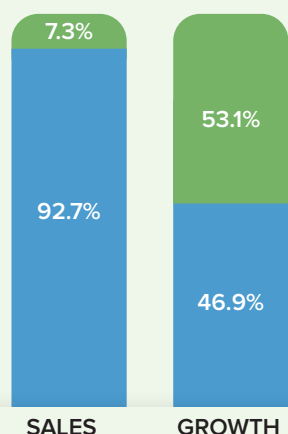
Natural & Specialty Gourmet Channels²

FUNCTIONAL INGREDIENT	\$ VOLUME	% GROWTH
Cannabidiol (CBD)	\$70.4M	+212.5%
Collagen Products	\$52.8M	+92.4%
MCT (Med Chain Triglycerides)	\$15.1M	+76.6%
Protein - Plant - Pea	\$11.1M	+108.5%
Magnesium	\$37.7M	+16.3%

Conventional Multi Outlet Channel²

FUNCTIONAL INGREDIENT	\$ VOLUME	% GROWTH
Melatonin	\$265.7M	+20.4%
Protein - Plant - Multi	\$142.7M	+22.2%
Collagen Products	\$56.7M	+69.1%
Multiple Vitamin - Women	\$203.9M	+11.6%
Vitamin C (not Ester C)	\$219.6M	+9.4%





Spotlight on Body Care

Natural Body Care Delivers More Than Half of the Department's Growth

Natural body-care products make up just 7.3% of the department's total sales volume, but they contributed 53.1% of dollar growth in the past year. While the total department grew by 1.4% to \$43.8 billion across grocery retail channels with a slight decline in units, natural products grew by 11.5% to \$3.2 billion, and units climbed by 9.4%. Growth comes primarily from the Conventional Multi Outlet Channel, where natural body-care products are up an impressive 14.3% to \$2.6 billion, with every category showing growth. Natural products in Natural and Specialty Gourmet Channels, however, show relatively flat dollar sales and a slight contraction in units.

■ Natural Body Care
■ All Other Body Care

◀ Natural Body-Care Products' Contributions to Sales & Growth⁴

Several areas show natural products outpacing the greater segment. Natural hair care contributed 61.4% of the category's total dollar growth (an impressive \$91.3 million of \$148.7 million). Natural soap & bath preparations accounted for about half of their category's total growth, and natural deodorants & antiperspirants contributed about a third of their category's total growth.

	Natural Body Care ⁴			All Body Care ⁴		
	\$ VOLUME	\$ % CHG	UNIT % CHG	\$ VOLUME	\$ % CHG	UNIT % CHG
Natural & Specialty Gourmet Channels	\$569.0M	+0.4%	-1.1%	\$673.6M	+0.5%	-1.0%
Cross-Channel Total	\$3.2B	+11.5%	+9.4%	\$43.8B	+1.4%	-1.2%

Fastest-Growing Categories for Natural Body Care ⁴				Total Category ⁴	
	\$ VOLUME	\$ GROWTH	% GROWTH	\$ VOLUME	% GROWTH
Hair Care	\$677.5M	+\$91.3M	+15.5%	\$9.2B	+1.6%
Soap & Bath Preparations	\$577.7M	+\$90.5M	+18.6%	\$5.3B	+3.7%
Skin Care	\$1.0B	+\$49.3M	+5.0%	\$9.1B	+2.9%
Deodorants & Antiperspirants	\$157.6M	+\$47.9M	+43.7%	\$3.4B	+4.9%
First Aid & Therapeutic Topicals	\$198.5M	+\$19.7M	+11.0%	\$724.5M	0.0%

A closer look at cosmetics & beauty products shows the total category's decline by 2.1%, losing \$142.6 million to become an annual \$6.7 billion market in cross-channel grocery retail. Whether shoppers are purchasing fewer of these items or finding them in other outlets, natural products tell a different story, growing at 2.2% to \$104.3 million in cross-channel grocery.

In skin care, natural products delivered more than 90% of dollar growth to their total subcategories in facial mists, toners, & astringents and in sun protection & tanning lotions. Other notable natural growth comes from shaving creams & aftershaves, where natural items grew 12.3% to \$36.0 million, while the total subcategory fell 2.6% to \$678.3 million, and in therapeutic topicals and topical analgesics, where CBD products contributed tremendous dollar growth to their segments.

Nearly Everyone Buys Natural Products . . . but for Different Reasons

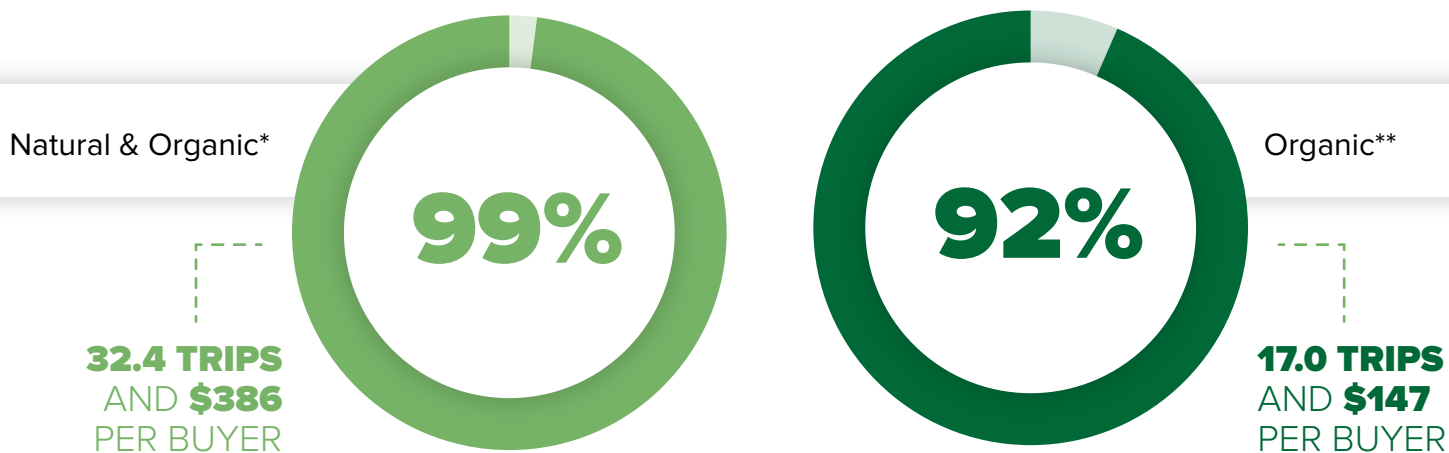
SPINS' NaturalLink segmentation, developed in collaboration with IRI, is a subset of consumer panel data that captures attitudinal, behavioral, and demographic information for 45,000 households, producing seven distinct cohorts based on shopper engagement specifically with natural and organic products. Through this lens, SPINS is able to discern what's driving behavior and which natural values those unique shopper groups hold.

What's clear is that natural and organic reach is tremendous in the current retail climate: in 2018, *nearly all households* purchased natural products at least once, and 92% of households purchased organic products.

Even so, the data shows that different cohorts approach natural products differently, each ascribing to their own value system around health, sustainability, and price.

NATURAL & ORGANIC **REACH**

Natural & organic products are purchased by nearly all households.



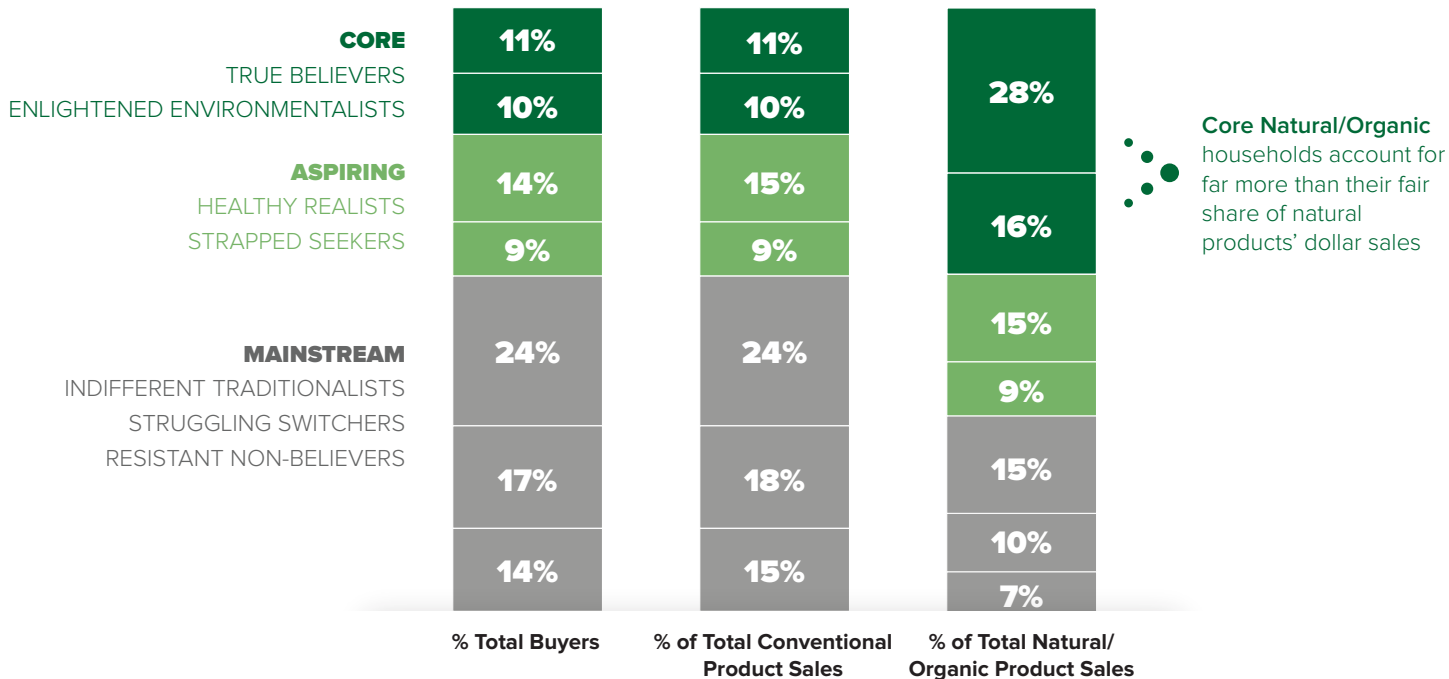
PERCENT OF HOUSEHOLDS BUYING AT LEAST ONCE IN THE LAST YEAR

Total Panel, Edible and Non-Edible Categories | Total US All Outlets⁷

*SPINS Product Universe segmentation (NPI)
 **SPINS Labeled Organic (at least 70% organic content)



NATURALINK CORE NATURAL/ORGANIC CONSUMERS⁷



The most committed, core-natural buyers are categorized as True Believers and Enlightened Environmentalists. Together, these groups account for 21% of shoppers but 44% of natural and organic products' dollar sales. Survey responses show that these groups over-index on willingness to pay more for products that reflect values such as eco-friendly, fair trade, natural, non-GMO, and organic across all categories (food and beverage, personal care, and home care).

In 2018, these core-natural shoppers spent \$20.6 billion on natural products, up 12.2% over the prior year, and \$8.9 billion on organics, up 7.6%. Notably, pet food & treats showed some of the fastest natural-products growth among these buyers, totaling \$1.6 billion in purchases and 21.8% more than in the year prior and showing significant acceleration over 2017's 5.9% growth.

Characterized as aspiring natural buyers, Healthy Realists and Strapped Seekers make up the next tier of natural shoppers. In 2018, they spent \$11.4 billion on natural products and \$4.1 billion on organic products, both up over 6% year on year. For these shoppers, the yogurt & kefir category proved to be the fastest growing, where they spent \$708.2 million on natural products and 12.7% more than in the year prior.



For more research on how different consumers purchase natural products today, [watch SPINS' free State of the Natural Industry webinar](#) to learn:

- More about each consumer group, how they buy and why
- How NaturaLink segmentation reveals one key trend's trajectory across shopper groups in a special 2019 case study
- How consumer insights may be used predictively to effectively market to both current and new target consumers

Macro Trends Defining This Moment in Natural

Through proprietary Product Intelligence and exclusive access to natural and specialty retail channels, SPINS data offers unique visibility into trends across their lifecycle, following them from emerging niche innovations into mainstream maturity. Taking a look at the broader food and beverage industry today, SPINS data reflects the strong influence of natural values across the marketplace in several key areas.

Organics Outpace Total Food & Beverage

At \$13.4 billion in volume, organics still comprise a small subset of total food and beverage: 3.0% for certified-organic items with at least 95% organic content. But their 2.8% growth rate outpaces the total market's rate of 1.8%. The market's highest growth in organics comes from the Conventional Multi Outlet Channel, where certified-organic foods make up \$10.0 billion in sales, growing at 3.2% over the prior year.

The categories with the highest organic sales volume may not come as a shock: produce and milk rank first and second, although both show modest decline. Third in line, though, are refrigerated juices & functional beverages, a category that also shows the second-fastest growth for organics, up 11.0% to \$915.0 million. By another measure, certified-organic items in this category contribute 13.4% of sales, ranking fourth across total food and beverage for organics' share of their category.

Top 5 Fastest-Growing Categories for Certified Organic Food & Beverage⁴

	\$ VOLUME	\$ GROWTH	% GROWTH
Bread & Baked Goods	\$787.5M	+\$108.8M	+16.0%
Refrigerated Juices & Functional Beverages	\$915.0M	+\$90.5M	+11.0%
Shelf-Stable Baby Food	\$593.5M	+\$60.0M	+11.2%

A look into the areas where certified-organic products hold the highest share of their categories reveals several pantry staples and single-ingredient segments. In about half of these categories, those organic items are also outpacing the total category's growth (by percent change), continuing to claim greater share.

Highest Category Share for Certified Organics⁴

(Certified organics outpacing the total category growth indicated in green)

Refrigerated Tofu	57.8%
Shelf-Stable Plant-Based Milk	23.9%
Shelf-Stable Tea	15.4%
Refrigerated Juices & Functional Beverages	13.4%
Shelf-Stable Rice Cakes	12.2%
Shelf-Stable Baby Food	10.3%
Produce	8.7%
Shelf-Stable Oils & Vinegars	8.7%
Refrigerated Milk	8.6%
Refrigerated Eggs	8.2%



Plant-Based and Paleo Ways of Eating Shape Cross-Channel Growth

Plant-Based Power

For environmental, ethical, or personal health reasons, many of today’s consumers seek to reduce or eliminate animal products from their diets. In food and beverage categories, products labeled as vegan have climbed to a \$7.1 billion market that’s growing at 10.1%. Showing mainstream momentum, now \$5.5 billion of that sales volume comes from MULO, with impressive 10.8% growth. Among the fastest-growing categories for vegan food, refrigerated plant-based alternatives to dairy milk and meat are hotspots for innovation among dedicated vegans as well as flexitarians, reducetarians, and consumers experimenting with plant-based options out of culinary curiosity. Yet chips, pretzels, & snacks actually hold the highest rank for fastest vegan growth, up 12.7% to \$661.5 million in cross-channel grocery. Second in line, vegan options in yogurt & kefir are growing at 43.5% to \$198.9 million while the greater category suffers decline.

VEGAN

food and beverages show impressive growth: up **10.1%** to **\$7.1 billion**.⁴



Going Against the Grain . . . in the Mainstream

While many core-natural consumers have adopted the Paleo way of eating for several years now, the food tribe is finding a new following among a broader base of shoppers and driving growth in mainstream retail outlets today. This particular food tribe – which eschews certain foods (such as grains, refined sweeteners, and processed foods) in favor of whole-foods nutrition from sources that would have been more readily available to our ancestral predecessors – has had lasting implications on the industry, influencing additional lifestyle diets such as Whole30 and driving demand for reimagined products, especially in grain-centric categories.

Across food and beverage categories, SPINS’ Product Intelligence reveals that Paleo-positioned products grew by 45.3% to \$536.7 million, and grain-free products have grown 76.0% to \$271.5 million. While both attributes show double-digit percent growth and considerable dollar growth in every channel, growth is faster by both measures in the Conventional Multi Outlet Channel, proving the trend’s power and continued opportunity in the mainstream.

Taking a look into the fastest-growing categories for Paleo products, baking mixes & ingredients showed 235.0% growth to \$55.4 million, and products with explicit grain-free labeling in that set grew 158.5% to \$28.5 million. Paleo’s profound impact is also highly visible in the chips, pretzels, & snacks category, where Paleo-positioned products are up 163.5% to \$41.1 million, and grain-free snacks are up 258.3% to \$29.7 million.

PALEO

and

GRAIN-FREE

food and beverages show fastest growth in

CONVENTIONAL RETAIL

proving the trend’s power in the mainstream.²

Paleo-Positioned	\$293.8M	 	+48.8%	
Labeled Grain-Free	\$139.5M	 	+81.5%	

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Manage and grow your business based on retail performance data & market dynamics

INNOVATION

Gain visibility to emerging trends & white space to uncover opportunities

DATA HARMONIZATION

Consolidate your data from multiple sources into one place for a complete view

MARKET ACTIVATION

Connect consumers to your products, drive velocity, and measure impact

PRODUCT INTELLIGENCE

Uncover unseen drivers of purchase behavior among wellness consumers



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