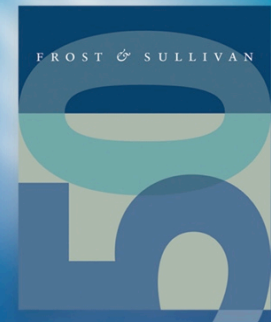


The Business of Health : A focus on food

**Shaping New Zealand's Food and Fibre Future
Wellington, November 2016**

Natasha D'Costa



The Frost & Sullivan Story

Our Global Footprint 40+ Offices- Scanning the Globe for Opportunities and Innovation



Pioneered Emerging Market & Technology Research

- Global Footprint Begins
- Country Economic Research
- Market & Technical Research
- Best Practice Career Training
- MindXChange Events

Partnership Relationship with Clients

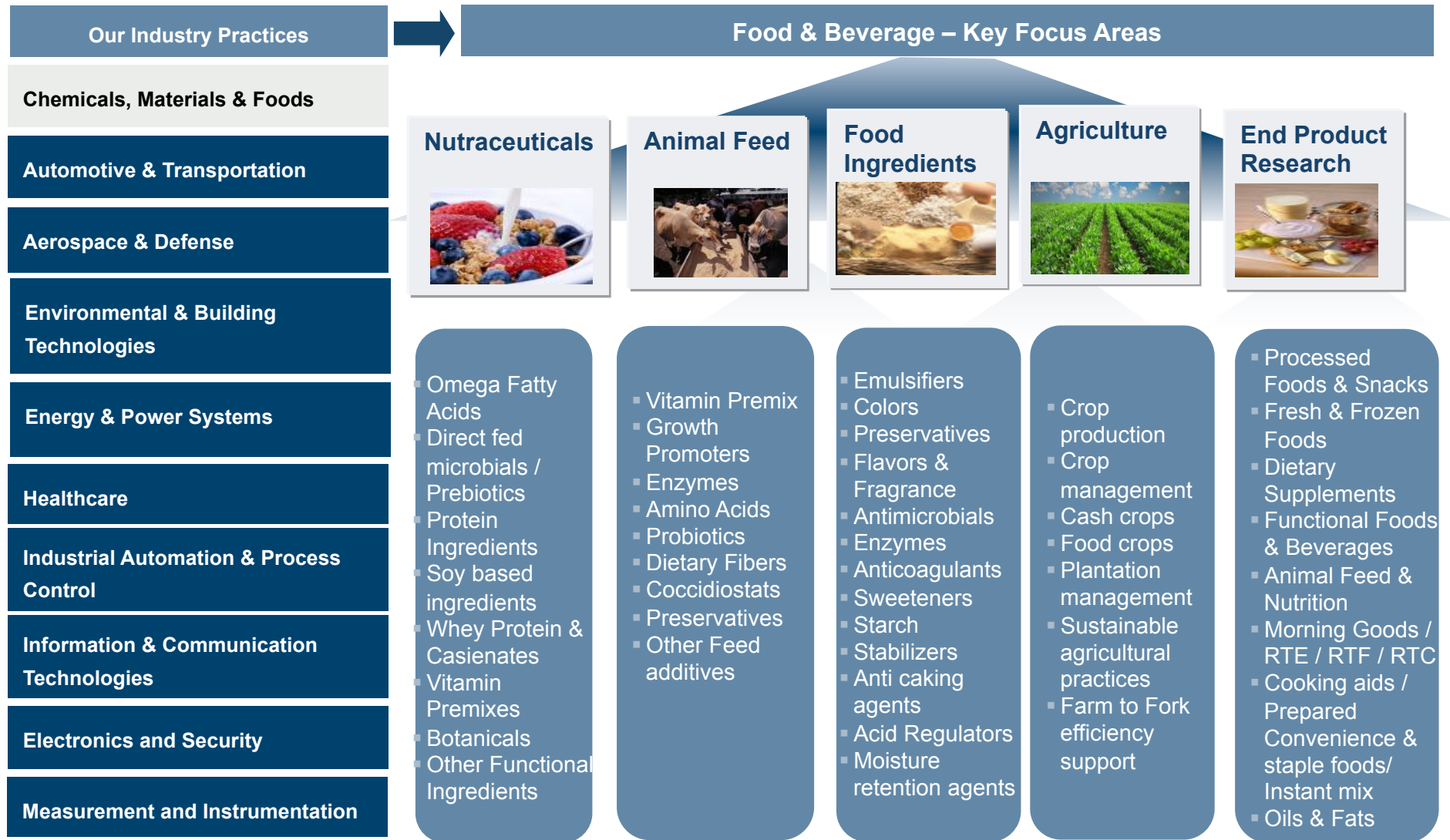
- Growth Partnership Services
- GIL Global Events
- GIL University
- Growth Team Membership
- Growth Consulting

Visionary Innovation

- Mega Trends Research
- CEO 360 Visionary Perspective
- GIL Think Tanks
- GIL Global Community
- Communities of Practice

Key Focus areas under Food & Beverage

The food & beverage practice approaches the industry from five major segments



Fast-Forward to 2020: Future of Food

Macro to Micro Opportunities on Future Business, Cultures and Personal Lives



The Burden of Disease

Over 55 per cent of global disease mortality is due to non-communicable Lifestyle ailments

**Non Communicable
diseases have witnessed
a **46%** growth in
mortality rates since 2000**



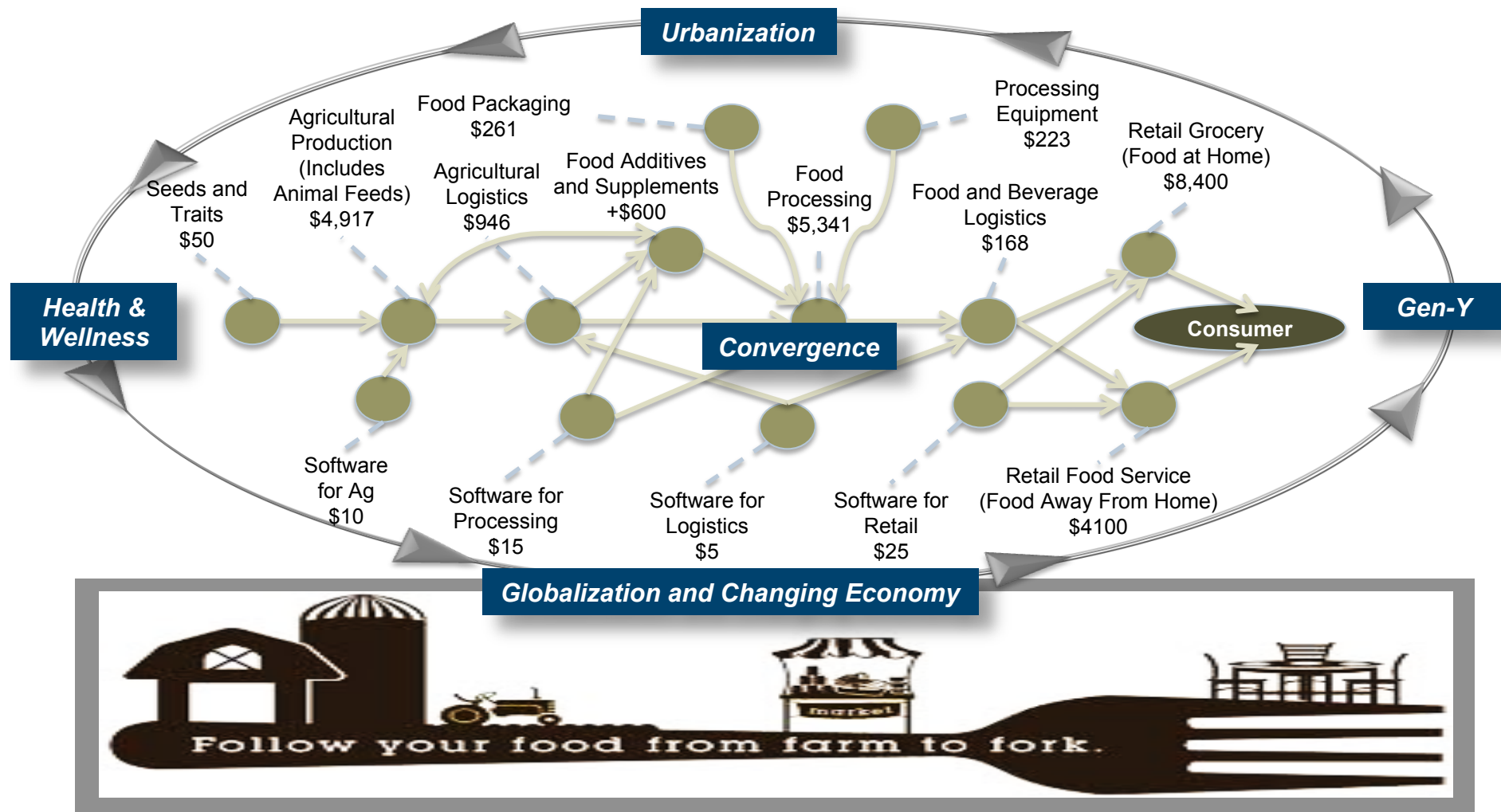
**Lifestyle Diseases have
emerged as the key
global cause of death**

**Heart Diseases cause
27% of global disease
mortality**

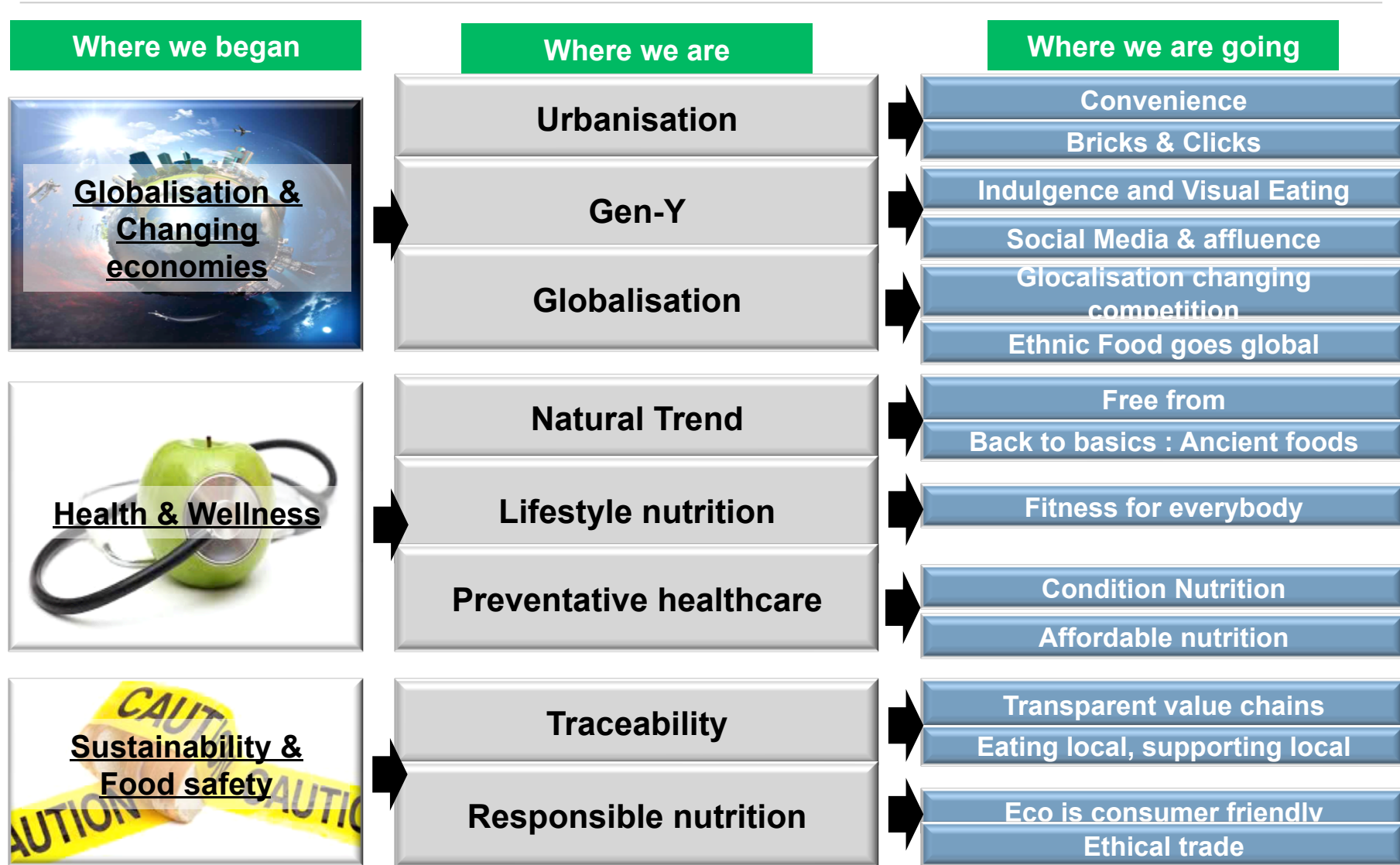


Global Food & Beverage Ecosystem

The cumulative value of all revenue derived from the global food and beverage value chain was over \$25 trillion dollars in 2015

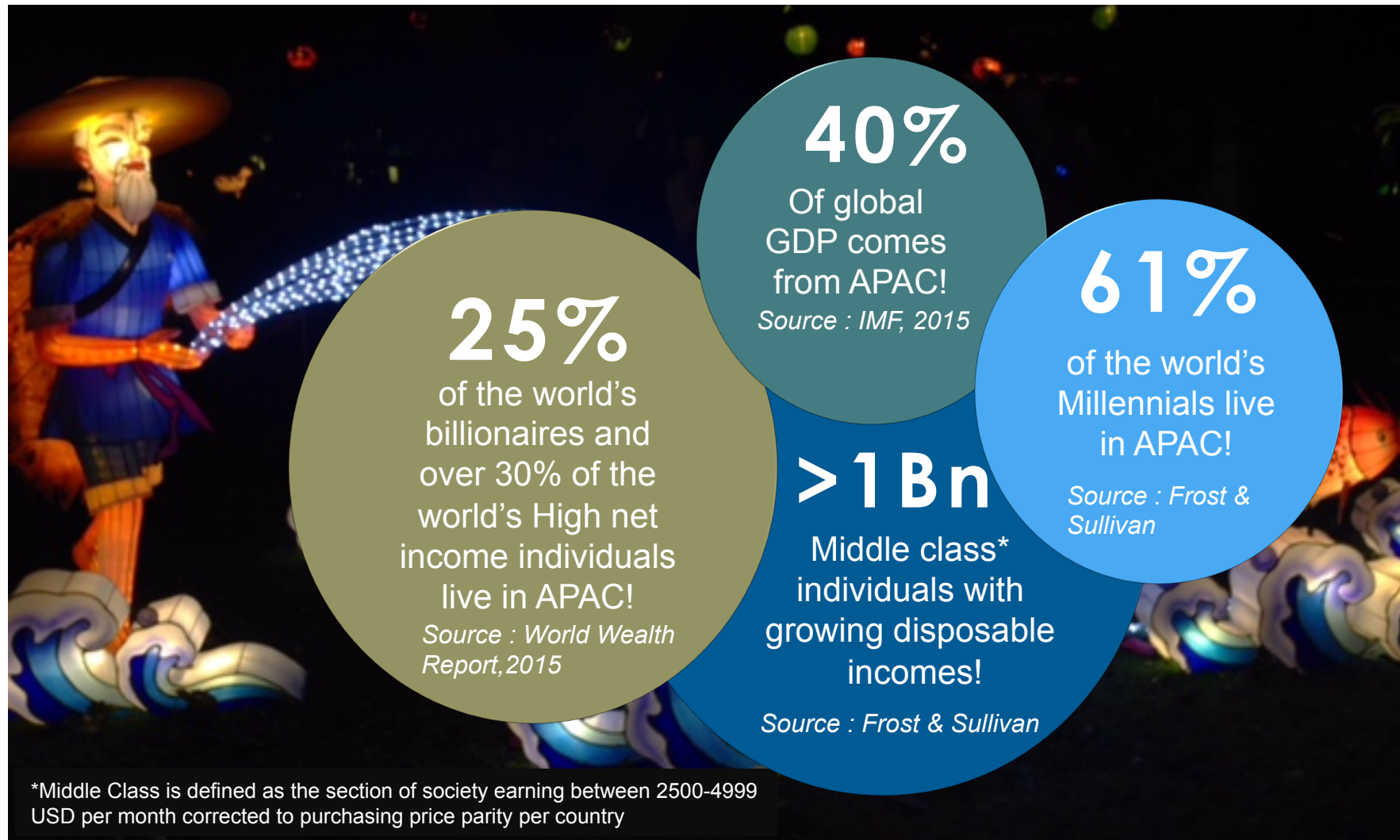


Megatrends to microeffects- concepts to products in action



What's happening in APAC?

A region of contradictions - changing demographics, changing consumers



APAC is driving the Trend towards Health & Wellness's turn to Nutrition

Market Stage	APAC Market Revenues	Market Size at End of Forecast Period
Growth	\$63 B (2015) 	\$94 B (2020) 

Food Wastage
42% of fruit & vegetables produced in APAC are wasted



Food Security

66% or 522 million of the worlds hungry population lives in APAC



Healthcare costs
>5% of GDP is spent on healthcare in most APAC economies driving interest in preventative nutrition



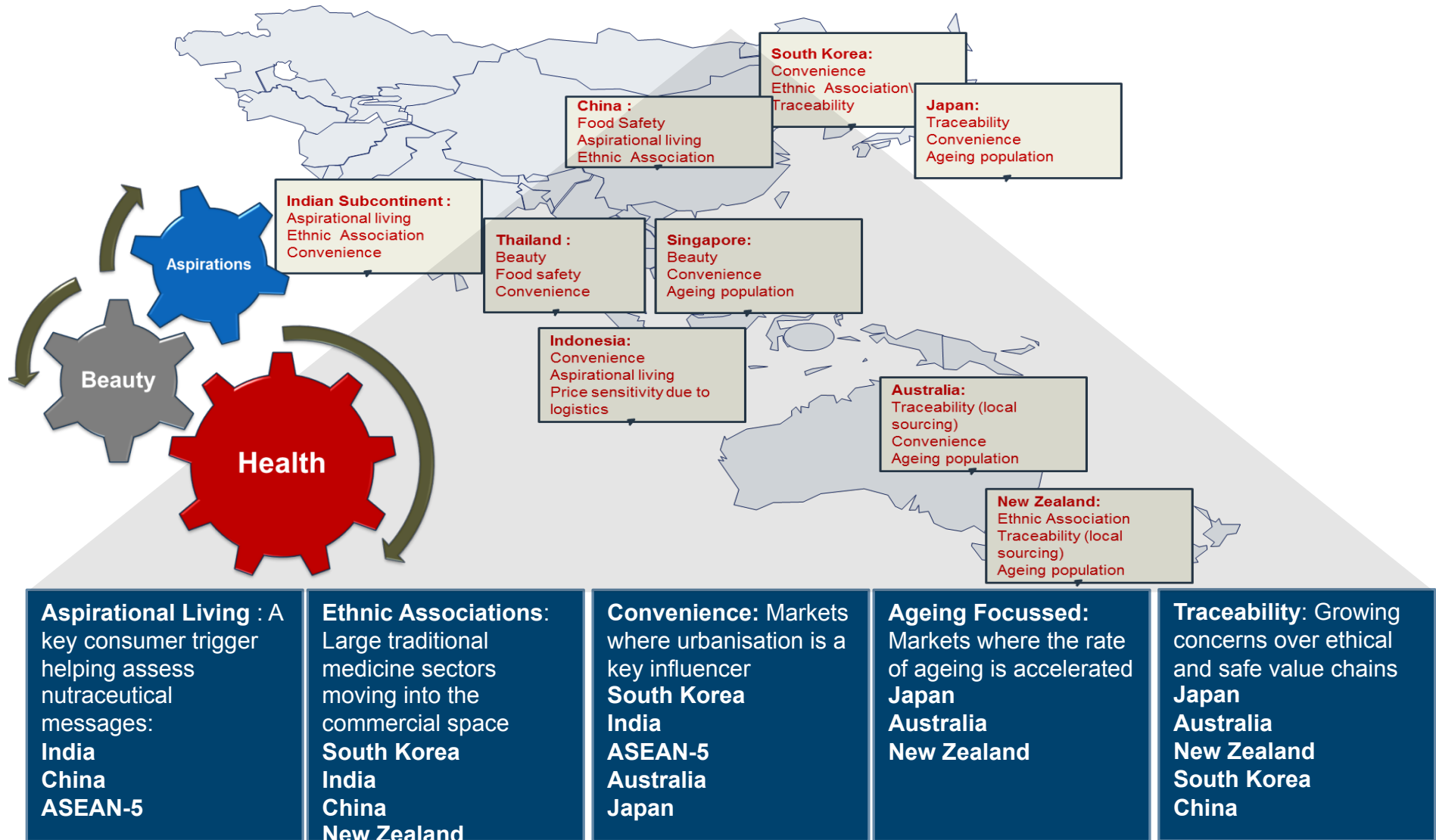
Food fraud

>8Bn usd is lost To food scams every year in APAC driving calls for traceability



Grouping the Asian consumer- What makes them tick?

While demographics tend to skew consumer nutraceutical choices each country tends to have an overarching similar driver for these products



Key Nutrition Product Trends

The way we approach nutrition is becoming increasingly specific

Naturally Functional



Maternal Health

Growing importance of Beverages as an essential nutritional aid for new mothers to continue breastfeeding and maintain general health

Geriatric Health

Focus on beverages to provide supplementation against chronic illness

Kids Health

Addressing developmental concerns in via bone & joint health and focussing on the Asian micronutrient deficiency challenge

Ethnic Food

Addressing developmental concerns and focussing on the Asian micronutrient deficiency challenge

Indulgence

Beverages as a form of healthy indulgence in combatting obesity concerns and addressing the rise in demand for healthy snack options

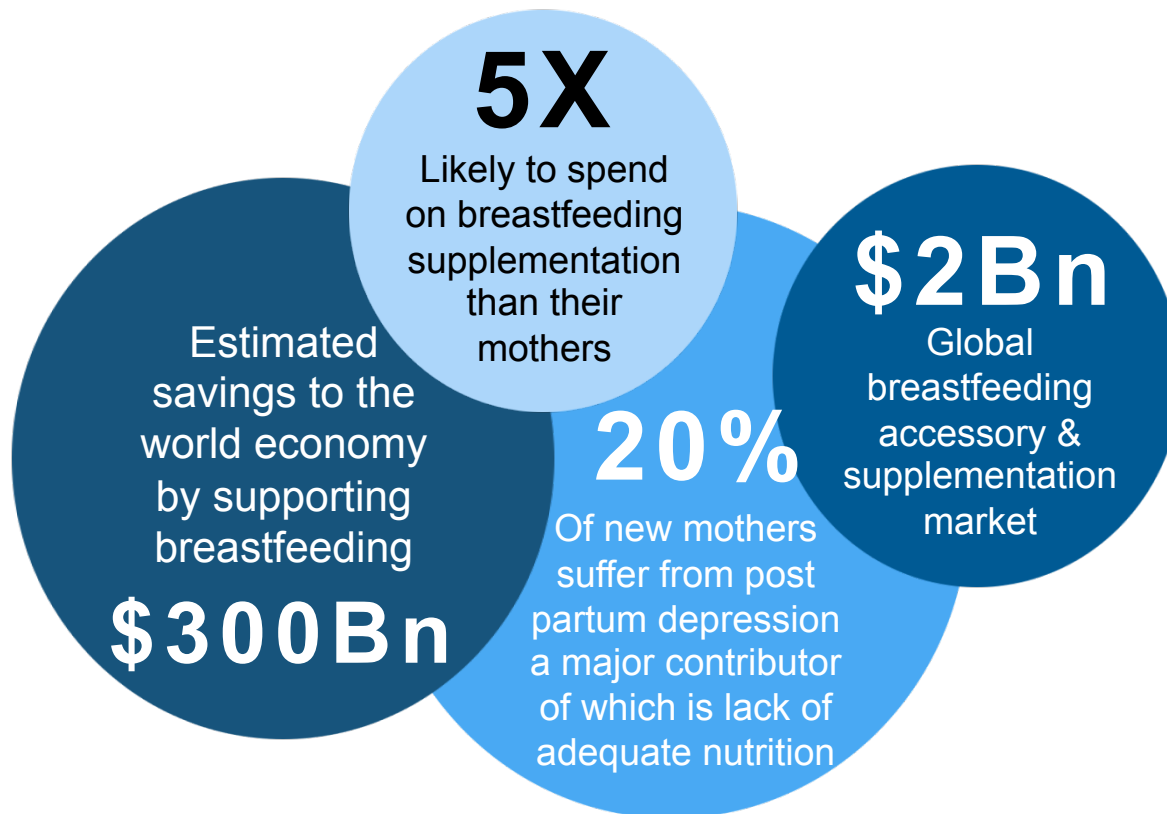
Trend 1 : Maternal Health

As fertility rates drop the focus on maternal health is becoming more and more important



Key Objectives :

- Maintain General Maternal Wellness
- Provide breastfeeding support
- Maintain energy levels and mental wellbeing from post-partum depression



Who: The average breastfeeding mother in the developed world is now middle-upper middle class and willing to spend on supplements

Why: Aggressive breastfeeding drives by the government is driving interest in ways to provide better maternal nutrition

How: Product formats vary from lactation cookies to supplement dairy drinks all with significant price margins

Where: Douglas nutrition has launched Puria a first in its kind mothers nutritional supplement

Trend 2 : Emotional marketing and Ageing

The Japanese Story: Ageing is the single largest upcoming burden on the Japanese economy



By 2020 Over 30 per cent of the population will be retirees placing significant fiscal burden on the country and shifting the balance of power in East Asia unless healthy aging becomes a reality.



Aged people want flavours they can identify with such as Miso Kit Kats



Kewpie has introduced its range of nursing care food to address a growing elderly populations health needs



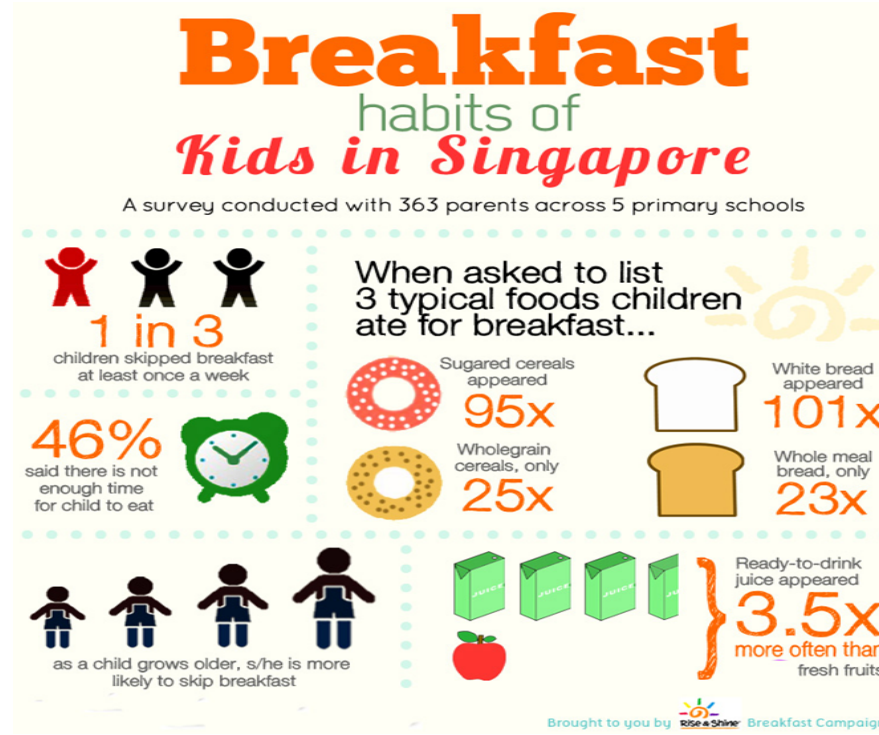
Supplement based on the Okinawa diet . Okinawa has the highest rate of centenarians in the world (457 currently)

Trend 3: Children's Nutrition

Children today are a key demographic making purchasing decisions

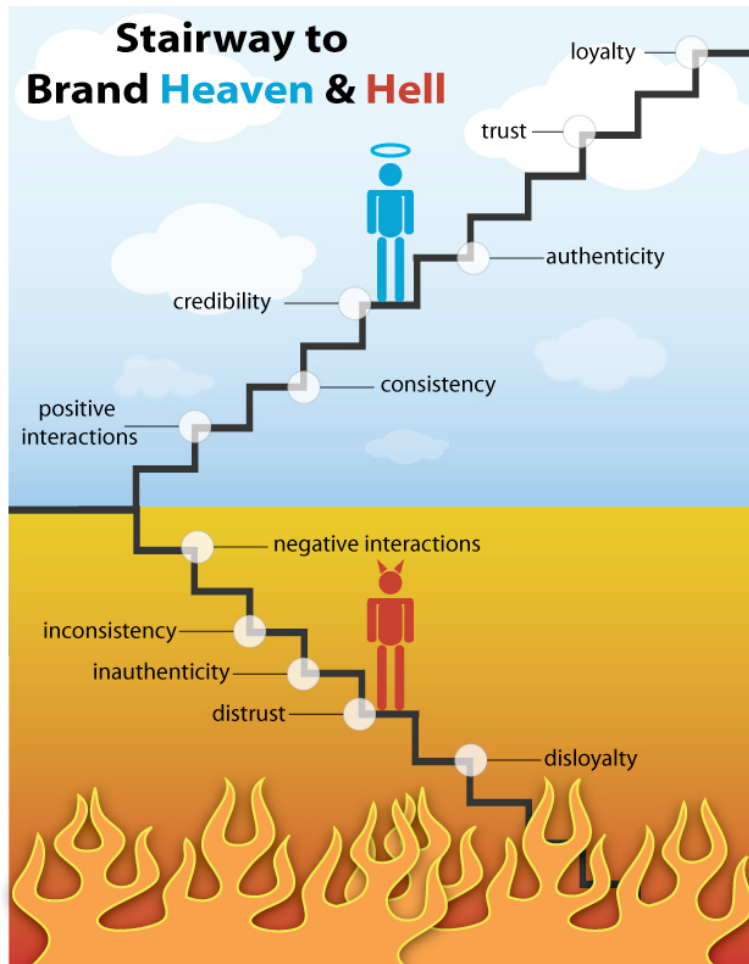
As global population demographics change immense stress is being placed on health Food & Beverages to cater to the need of select demographics such as children and their nutrition.

Challenge : Providing nutrition for children burdened with extremely high educational and social expectations





But education and clear messaging to consumers is important



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- Too many products and too many ingredients with too many benefits – some without validation of claims, some misleading, some lacking clear effect.



- All complicate messages to consumers
- Products that build loyalty have proven ingredients with clear benefits and positioning

Source: Frost & Sullivan analysis.

Conclusions- The Last Word

Competitive landscapes are changing rapidly and providing emerging opportunities



Identify achievable best practices

- Identify key areas where consumers are willing to invest in premium products example : indulgence and mental health, women's health and children's nutrition
- Product requirements vary from country to country. Beware of the single message- for eg: there is more to ANZ than the “clean, green ” story focus on what children want in these countries eg: health convenience snacks



Focus on what we do best

- People buy concepts not products so cultural sensitivity is imperative
- The trend towards indulgence and health is driving growth of premium dairy outlets in Japan and Korea
- India has a growing market for children health drinks focussed on being vegetarian but also with new packaging while China is investing in ageing nutrition via focussed beverages.



Understand that competition is changing – stay relevant!!

- More and more chemical and pharmaceutical manufacturers will enter the F&B market changing competition and rules of the road
- The key nutrition areas will drive scope for collaboration with non-traditional food manufacturers
- Understand Asia first- ANZ consumers may dislike showiness- but South east Asians and Chinese place much emphasis on the same trait.