Real-World Best Practices: Suppliers Using Data to Drive Success

PRESENTED BY:

NEXT™
Real-World Best Practices:
Ingredient Suppliers Using Data to Drive Success

Eric Pierce – VP Business Insights
epierce@newhope.com
www.linkedin.com/in/ericjpierce/

Evan Cobb – Manager Client Relationships
evancobb@informa.com
https://www.linkedin.com/in/evancobb87/
Data can be a competitive advantage.

- The market is changing, are you paving the road or being left behind?
- As finished goods manufacturers respond to changing consumer demands ingredient suppliers must anticipate these needs or risk losing out to competitors.
- The challenge is they are often one to two steps removed from direct observations of marketplace needs.
- In this dynamic and changing market data is key to helping companies elevate their decision-making process and drive business growth.
Creative solutions exist that can deliver the knowledge you are seeking.

Agenda for Today
- Discuss the innovative ways marketers, sales professionals and client services teams are using marketplace research data to improve decision making, create competitive advantage, and win—and retain—new business.

The Power of Data
- Create first mover advantage
- Identify and act on opportunities sooner
- Improve decision making
- Create confidence among decision makers
- Improve sales process
Questions that inspire and frustrate…

**How do I win in a competitive market?**

- Where can I find new business growth?
- How do I win and retain clients?
- Where should I place my R&D investments?
- Are there new markets for my existing products?
- How can I improve sales conversion?
- What gives my product a competitive advantage?
- Where is the market headed?
- What trends will my clients be formulating for next?
Introducing: NEXT Data & Insights

- Helps companies use market and consumer intelligence to make and improve data-driven decisions and prioritize innovation efforts.

- Provides forward-looking, predictive solutions for successful innovation and maximum Return On Innovation Investment (ROII).

- Uses proprietary data and market intelligence for unique insights into health, wellness, and natural products.

- Improves decision-making and helps identify “What’s NEXT?”
The Global Network For Health & Nutrition
Innovation:
Build Leadership, Innovate Faster, Support Your Most Innovative Clients
Differentiate: Consumer Led Innovation

By systematically testing variations on key topics and manifestations of relevant trends, you can build a proprietary knowledge base that informs your innovation strategy.

Proprietary Concept Map
Anticipate Client Needs: Identify Emerging Ingredient Trends

By leveraging innovation data you can identify opportunities to expand your product portfolio or initiate or prioritize innovation investments to ensure you are ready to meet client needs.

Expo West 2017 – Expo West 2019

Product Volume

<table>
<thead>
<tr>
<th>Nutrient Type</th>
<th>Expo West 2017</th>
<th>Expo West 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hesperidin</td>
<td>2</td>
<td>19</td>
</tr>
<tr>
<td>Resveratrol</td>
<td>3</td>
<td>14</td>
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<tr>
<td>Choline</td>
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<tr>
<td>DHA</td>
<td>102</td>
<td>111</td>
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<tr>
<td>Psyllium</td>
<td>66</td>
<td>63</td>
</tr>
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<tr>
<td>Fish Oil</td>
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<td>5%</td>
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<tr>
<td>Probiotic</td>
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<td>56</td>
</tr>
<tr>
<td>Magnesium</td>
<td>768</td>
<td>927</td>
</tr>
<tr>
<td>Caffeine</td>
<td>1681</td>
<td>1900</td>
</tr>
</tbody>
</table>

% Share Growth

- Hesperidin: 765%
- Resveratrol: 325%
- Choline: 98%
- DHA: 102%
- Psyllium: 66%
- Nucleotides: 63%
- Fish Oil: 14%
- Probiotic: 7%
- Magnesium: 3%
- Caffeine: 13%

*Includes derived and observed compound/ingredient presence.
Source: NEXT Trend Database
Prospecting: Stay One Step Ahead of Your Competitors
Find New Buyers and Applications: Get There First

By looking at what ingredients are being used in what types of products, you can identify new buyers and new applications. Monitoring this may just give you the competitive advantage your sales team needs.

Categories with the Highest Instances of Caffeine (Raw Ingredient)
Expo West 2019

- Tea Bags
- Snack, Energy & Granola Bars
- Energy, Protein & Muscle Recovery Drinks
- Other Drinks
- Water
- Soda

Categories Growing in Share Growth for Caffeine (Raw Ingredient)
Expo West 2017 - Expo West 2019

- Snack, Energy & Granola Bars: 674%
- Tea Bags: 198%
- Water: 116%
- Specialty Formula Supplements: 19%
- Other Drinks: 1%
- Soda: -9%
- Eye Area Preparations: -40%
- Energy, Protein & Muscle Recovery Drinks: -53%

Source: NEXT Trend Database
Sales Conversion: Support Consumer Led Innovation and Formulation
Differentiate via Formulator Support

Equip your sales teams with insights into the consumer decision rules which influence evaluation of products with your ingredients. Give innovators and confidence that they are making the right ingredient decisions.

Anticipate your different client’s target consumer and design the survey to ensure you can present results for their audience.

Perform TURF Analysis to help your client design products and attribute claim sets with maximum reach.
Demonstrate the Value of your Ingredient

Improve your first call deck by bringing consumer survey research that demonstrates sales impact your ingredient can have in your client’s products.

Client product tested with and without your ingredient

**Control**
- Product Description
  - This is the control cell
  - This represents the product as it exists today
  - Product description matching website or amazon
  - Includes baseline features and benefits

**Test**
- Product Description
  - This is the test cell
  - Image and product description match the control
  - The only thing that changes is a callout to your ingredient
  - And the incremental benefit claims that your ingredient enables the client to add to their product

Demonstrate that your ingredient significantly improves consumer perceptions of uniqueness and purchase intent
Client Retention: Differentiate by Helping Your Clients Win in Market
Differentiate Through Marketing Support

Use consumer research to create service packages that help support your clients. Optimize: packaging, pricing, or benefits communications hierarchy.

Analysis of Certification Types: Which are most relevant and how do you use certifications to send a relevant message to the largest number of consumers.

TURF Analysis: Total Consumers

Incremental Unduplicated Reach of Each Additional Certification

Safety/Quality: 47%
Organic/NonGMO: 17%
Whole Grain: 8%
Eco/Sustainability: 4%

Total Reach: 76%

Conclusion
Conclusion

- Market research data can be used to support and differentiate your business in a competitive environment.
  - Innovators: refine and expand your portfolio, consider consumer lead innovation.
  - Prospectors: discover new markets and clients for your product.
  - Sales: use data to create buyer confidence and close sales.
  - Client Retention: provide consumer intelligence and marketing support to your clients.

- NEXT has solutions to give your business a marketplace advantage.

- Get curious, get creative.
Thank you!

Eric Pierce
VP of Business Insights
epierce@newhope.com
www.linkedin.com/in/ericjpierce/

Evan Cobb
Manager Client Relationships
evan.cobb@informa.com
https://www.linkedin.com/in/evancobb87/