

Consumer Research Supports Global Demand for Immunity Products

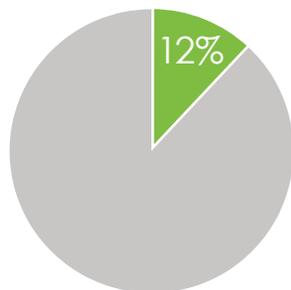




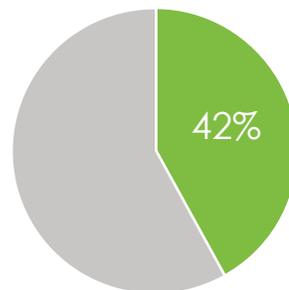
Defining health

What does health and wellness mean? Freedom from feeling worn-out? Minimal stress? More energy? In reality, it can be all of these things. And one thing remains consistent when it comes to health, feeling well is always the first and most important step to achieving a high quality of life.

With good health, we can enjoy life to the fullest, and take on the challenges more effectively. So it's little surprise that staying healthy is a priority for many.



Consumers around the world who say they are not at all worried about their health.¹



Consumers who say they proactively look for products that can improve their health.²

Defense mechanism

Achieving holistic wellness begins with the immune system. It is the body's defense against illness. If we take care of our immune health, it will take care of us. Many consumers understand this, and thus are turning to nutrition and healthy lifestyle products such as functional foods, beverages and dietary supplements to support their immune health.

For manufacturers and brands operating in the well-being category, the immune support space is rich with opportunities.

Products that speak to consumers' almost universal desire to maintain their health is an important callout for both manufacturers and for the consumer. Nevertheless, it is a competitive field. Developing the right proposition to appeal to different consumer groups in different parts of the world is critical to the chances of success.

In this report, we will look at a range of factors to consider when developing and launching immune health products, including geographical region, meal occasion, lifestyle, and delivery format.

Unique consumer insights

The basis of the insights included here is a recently conducted proprietary survey, which provides unique insight into consumers in 14 global markets.³ The Kerry Global Consumer Survey on Immune Health surveyed consumers that were users or would consider using healthy lifestyle products, to better understand their opinions of foods, beverages and supplements that offered immune health support.

The overarching finding is that, among these consumers, there were high levels of interest in immune health products globally.

In fact, in nearly all countries worldwide, immune system support was the most important reason why people said they buy products that support a healthy lifestyle.



Layers of complexity

With the appeal of immune health benefits so wide, it's tempting to offer product solutions in the category that will target as many people as possible. However, a strategy such as this doesn't take into account the **layers of complexity that exist between different groups of consumers in different regions.**

It's possible to slice and dice demographics by age, lifestyle and nationality, and it often makes sense to do so. A carefully targeted product that **zeroes in on specific needs is almost always more effective than a catch-all approach.**

In the survey, respondents were asked a series of questions about their personal situation and lifestyle, and were subsequently placed in one or more of the following categories:

- **Aged 50+**
- **Households with children**
- **Athletic**
- **Health conscious**
- **Mothers with children aged 12 or under**

Grouping consumers in this way is a useful exercise because it can provide clues as to how they might respond to certain explicit product cues on immune support products.

For example, a large proportion of the consumers questioned were found to be over the age of 50. Strategies to appeal to this demographic might speak to their interest in healthy and positive aging. Many other respondents were living in households with children. For these consumers, products targeting the well-being of kids will likely resonate.

Many consumers were also defined as 'Athletic', indicating that they lead an active lifestyle. In China, for example, 75% of respondents were in this group. There may be opportunity to reach these consumers with immune-supporting products that tie in with sports nutrition.



Across the board, a majority of consumers surveyed were found to be 'Health Conscious', which is perhaps to be expected, given the population chosen for the survey.



In China **90%** of respondents were found to be 'Health Conscious'.

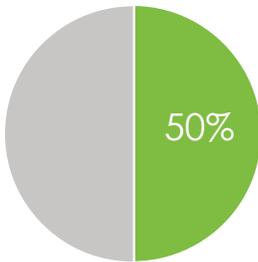


In Brazil **85%** of respondents were found to be 'Health Conscious'.

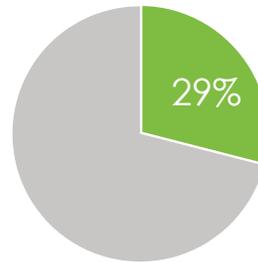
Which global markets offer the biggest opportunity?

Interest in immune health is global. Using the findings from the survey, it is possible to calculate the total potential of each of the countries covered by looking at how many respondents have used an immune health product in the past 6 months and how many would consider doing so in the future.

This approach tells us that total potential is highest in Asia. Of China's 79% overall potential opportunity for immune health products:



50% of consumers have used an immune health product in the past 6 months.



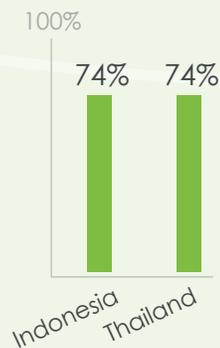
Another 29% would consider purchasing an immune health product in the future.

Potential also is high in other regions.

Potential market opportunity by region

Percentage of consumers in each country that are either users or considerers of immune health products.

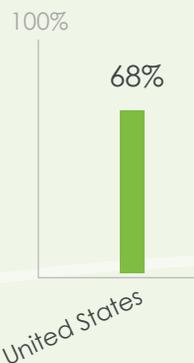
Asia-Pacific



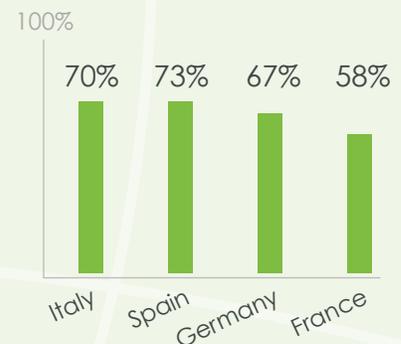
Latin America



North America



Europe



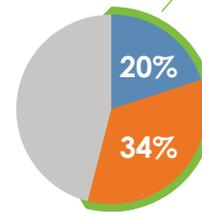
Understanding the total potential opportunity

It would be wise not to disregard a country just because its total potential is lower than another country. In some cases, the number of consumers in a market who have used an immune health product in the past 6 months is considerably lower than the number who would consider doing so in future. As an example, the potential market for the UK and Japan is shown at right.

Why does potential usage outweigh actual usage in these markets? Is it simply dissatisfaction with the types of products offered, or is confusion playing a part? It might be that people are in fact using immune health products but do not realize it.

Whatever the reason, it's likely the immune health category in these markets is being undermined by a perception that the right kinds of products are not available. **In these countries and in others, a product targeted at specific consumer groups could be the key to unlocking the full potential opportunity.**

United Kingdom

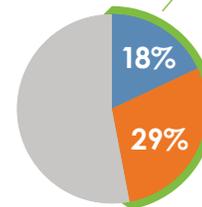


54% Total potential market opportunity

% of people that have used an immune health product in the last 6 months.

% of people that would consider using an immune health product.

Japan



47% Total potential market opportunity

% of people that have used an immune health product in the last 6 months.

% of people that would consider using an immune health product.



Waking up to immune health

Diversity in food offerings that meet consumers where and when they want their immune health benefits is an important consideration when creating an immune health product.

The survey found that, across the world, breakfast is the mealtime people consider to be most suitable for consuming products with immune support benefits.



Globally, 70% believe breakfast is the best time for consuming products with immune health benefits.

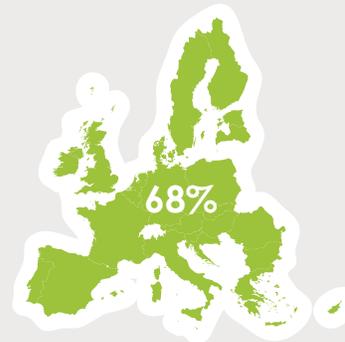
Percentage of people, by region, that believe breakfast is the best time for consuming products with immune health benefits.



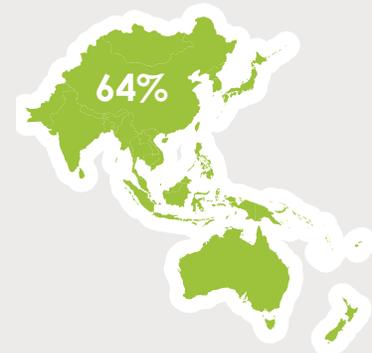
Latin America



North America



Europe



Asia

Breakfast's popularity is reflected in the types of products and applications consumers globally said they would be interested in buying to obtain immune support benefits.

Yogurt and yogurt-based drinks are favored by more people than any other type of product (44%).



The second most popular option is fruit and vegetable juices (43%)...



Followed by dietary supplements (34%)...



And milk and non-dairy drinks (33%).



What type of products are in demand?



- In households with children, we see spikes in interest to purchase children/toddler products, sports nutrition drinks, meal replacement beverages, and snacks with immune health benefits, compared to the total respondents.



- Mothers with children aged 12 or under demonstrate greater interest in purchasing children's beverages, snacks, dietary supplements and sports nutrition products with immune health benefits.



- Among consumers in the athletic group, there is a higher level of interest in purchasing sports nutrition products and cereal/breakfast bars with immune health benefits, compared with the total.



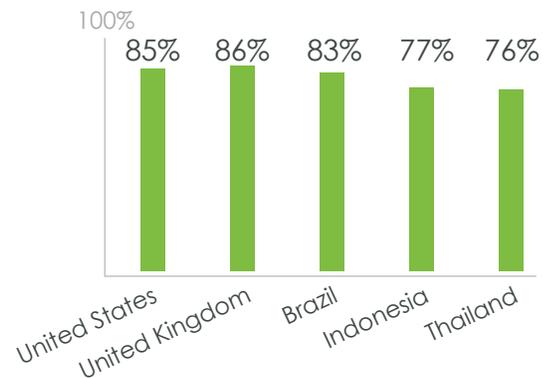
- In North America and Asia, consumers are most interested in purchasing fruit and vegetable juices, and in Europe and Latin America there is greatest interest in purchasing yogurt and yogurt-based drinks with immune health benefits.

Immunity snacking

Mid-morning and mid-afternoon snacks are another prime opportunity, with each of these occasions favored by 39% of consumers globally as a good time to use products with immune support benefits.

Snacking in general is a category worthy of close attention. In the U.S., for example, 85% of consumers have purchased a snack in the past six months and in the UK 86% have done so. In Brazil the figure is 83%, while in Indonesia it is 77%, and in Thailand, 76%. Furthermore, the research found that 31% of consumers globally would be interested in buying snacks with immune health benefits.

Consumers that have purchased a snack within the last six months



*In all regions, **supermarkets are the top destination for respondents** in the survey when shopping for fortified food and beverage products, suggesting that **it is important to position immune support products in mainstream retail channels.***

Ingredients for success

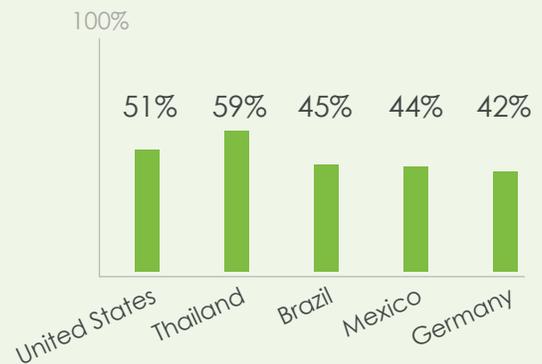
Global demand for immune health products is clear, so when developing an immune health product, **the first decision is how to deliver the benefit.** With many options available, and the nutrition category so competitive, it's important to make the right choice. Here are some factors to consider.



Motivation A key consideration should be what motivates consumers to purchase a healthy lifestyle product. To find out more about this, respondents to the survey were asked about a range of possible purchase drivers. The findings highlight how many people are not just seeking reassurance about claims substantiation but are taking the matter into their own hands.

In the U.S. for example, 51% of respondents said that **they are encouraged to purchase a healthy lifestyle product after doing their own research on the product's ingredients and benefits.**

In Thailand the figure rises to 59%, while in Brazil the figure is 45%, in Mexico 44% and Germany 42%.



Ingredient Information At the point of sale, consumers in many markets like to see clear information on the label regarding efficacy. In China, 48% of respondents said they like to see the benefits of a healthy lifestyle product explained and supported on the packaging. In Mexico, the figure is 50% and in Indonesia it is as high as 63%.

Scientific Data Consumers also see research or scientific data claims on the product as a top purchase driver. In Brazil and Thailand, 51% consumers considered research data a top driver while in the US and Spain, that number is 40%

Influence Strong branding also resonates. In Colombia, for example, 51% of respondents said recognizing a brand is a driver to purchase. Meanwhile, in Japan, recognizing the active ingredient in a product is the most important factor, and it is the second most important driver in Italy.

These findings give us an insight into how consumers judge nutritional and functional products, and they can be used as benchmarks when profiling potential ingredients. If an ingredient matches the criteria consumers use to make their choices, it is a strong candidate.



Positive reactions

Wellmune®, a proprietary beta glucan derived from a strain of baker's yeast, satisfies consumer interests. As a result, Wellmune has emerged as a strong player in the immune support space. It offers a combination of sound scientific research and a strong co-branding proposition, delivering on consumer desire for transparency.

Beta glucans are naturally occurring fibers found in the cell walls of foods such as cereal grains such as oats, mushrooms, and common baker's yeast. Research shows that the beta glucans from baker's yeast, such as Wellmune, are best for supporting immune health.

In the survey, respondents were asked about their knowledge and experience of beta glucans. It was found that awareness and current usage varies across regions. Overall, awareness and usage of beta glucans are highest in Asia, followed by Latin America.

When respondents from all countries were given more information about Wellmune specifically, their reactions were positive:

Asia

- » In China, 94% of respondents said they considered the immune health claims made for Wellmune to be believable.
- » In India, 95% said they would definitely or probably buy a product containing Wellmune.
- » In China, 76% said they would definitely or probably switch to a brand that contained Wellmune.

United States

- » 81% of respondents said they agreed that the immune health claims made for Wellmune are believable.
- » 63% said they would definitely or probably purchase a product containing Wellmune.
- » 45% said they would definitely or probably switch to a brand that contained Wellmune.

Latin America

- » Consumers in Latin America were most likely to buy or switch to a Wellmune product.
- » In Brazil (91%) and Colombia (94%) respondents said they considered the immune health claims made for Wellmune to be believable.
- » In Mexico, of those who are likely to purchase a product containing Wellmune, 97% found the immune support claims made for Wellmune to be believable.

Europe

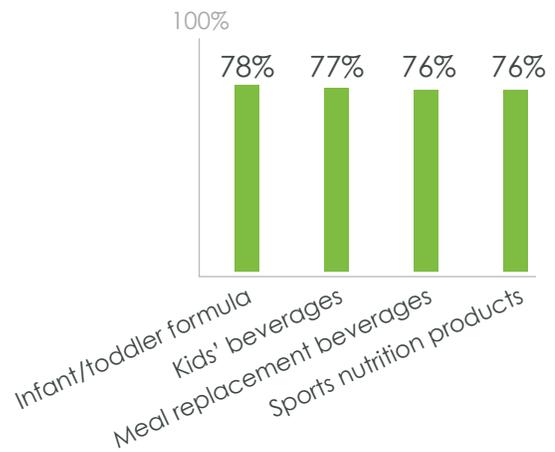
- » In the UK, of respondents that were likely to purchase a product containing Wellmune 91% found the immune support claims made for Wellmune to be believable.
- » Respondents in Spain (73%) and Italy (72%) were also most likely to say they would definitely or probably buy a product containing Wellmune.
- » Spanish consumers were the most likely to switch to a brand that contained Wellmune, followed by the Italians and French.

Quality ingredients make a quality product that consumers want to purchase:

Among those respondents stating they would be likely to buy a product made with Wellmune, many also said they would be willing to pay more for it – particularly if it delivers benefits for children. Globally, this trend was most pronounced in the infant and toddler formula category, where an average of 78% said they would be willing to pay more, while 77% said they would pay more in the kids' beverages category.

Meanwhile, 76% would be happy to pay more for meal replacement beverages with Wellmune, while the same proportion again said they would willingly pay more for Wellmune-enriched sports nutrition products.

Consumers willing to pay more for products with Wellmune by category



Better beta glucans

Wellmune is a patented yeast beta 1,3/1,6 glucan (*Saccharomyces cerevisiae*) extracted from the cell wall of a strain of baker's yeast using a proprietary process. It is supported by more than a dozen published clinical studies confirming its safety and its ability to help improve immune health in people of all ages through functional foods, beverages and supplements.

This is important, because not all baker's yeasts are the same. The strain of yeast and the method used in extracting its beta glucan can impact the benefits it will have for the immune system. For these reasons, when selecting a baker's yeast beta glucan for an immune health product, you should ensure that the scientific research demonstrating its efficacy is specific to the actual strain, has consistent outcomes, and takes into account the method of extraction. It's also important to ensure that it is safe for human consumption.

When consumed, Wellmune helps immune cells in the body:

- **Move more quickly**
- **Recognize and destroy foreign challenges**

The result is that Wellmune can help support immune function, protect against the effects of stress, and promote healthy energy levels and mental clarity.

Perfect partner

Wellmune is a strong ingredient brand, which means it is the perfect co-branding partner, making it easier to meet consumer demand for clear information about substantiated immune health benefits.

Find out more by emailing wellmune@kerry.com. We're ready to help you create innovative healthy lifestyle products with science-backed immune support benefits.

Wellmune is also Kosher, Halal, non-allergenic, non-GMO, gluten-free and organic compliant and has regulatory approval in major markets, including GRAS status in the U.S. and novel food approval in Europe and China.

Wellmune has a five-year shelf life, is highly stable and will withstand most processing conditions with no impact on its efficacy. These formulation attributes make it highly suitable for use in a wide range of food, beverage, and supplement applications.

Application opportunities with Wellmune align with what consumers want.

For example, many respondents in the consumer research said they preferred to obtain immune health benefits:

- **Dairy products such as yogurt and yogurt drinks**
- **Fruit and vegetable juices**
- **Cereals**
- **Bakery products**
- **Snacks**
- **Children's food and drink**
- **Meal replacement solutions**
- **Sports nutrition products**
- **Dietary supplements**

