



WHAT'S IN OUR FOOD AND ON OUR MIND

**INGREDIENT AND DINING-OUT
TRENDS AROUND THE WORLD**

AUGUST 2016

nielsen
.....

AN UNCOMMON SENSE
OF THE CONSUMER™

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PART I

FOODS ON AND OFF WORLDWIDE PLATES



WELLNESS ON OUR MINDS

AROUND THE WORLD

- Four macroenvironmental trends are contributing to an increased focus on health and wellness: an aging global population; rising chronic-disease rates; a rise in self-care, treatment and prevention; and increasingly educated and connected consumers.
- Food sensitivities also are influencing food preferences. More than one-third (36%) of global survey respondents say they have an allergy or intolerance to one or more foods, and retail sales data has shown strong growth for products catering to food sensitivities in the U.K., Germany and the U.S.
- Nearly two-thirds of global respondents (64%) say they follow a diet that limits or prohibits consumption of some foods or ingredients, with response rates in Africa/Middle East (84%) and Asia-Pacific (72%) higher than average.
- Retail sales data shows that consumers are cutting back on certain foods that are typically high in fat, sugar or sodium, but there remains a place for indulgences in consumers' diets, particularly more healthful treats.
- Consumers are adopting a back-to-basics mind-set, focusing on simple ingredients and fewer processed foods. More than half of consumers say they're avoiding artificial ingredients, hormones or antibiotics, genetically modified organisms (GMOs) and bisphenol A (BPA).
- There is a clear opportunity to better serve consumers' dietary needs. Among respondents who say they have a food sensitivity or follow a special diet, fewer than half (45%) believe their needs are being fully met by current product offerings.

Almost anyone you ask will tell you that eating a healthful diet is important—a sentiment that isn't new. So why is there a seemingly heightened focus on clean eating? A contributing factor is the convergence of several macroenvironmental forces:

- **Global graying.** The world's population is aging rapidly (though at a slower rate in some parts of the world, including Africa and parts of Asia, Latin America and the Caribbean) and living longer. The U.S. Census Bureau predicts that over the next 35 years, the growth of the world's older population will outpace that of the younger population.
- **Chronically ailing.** Chronic diseases, including cardiovascular disease, Type 2 diabetes, respiratory diseases and cancer, are the leading causes of death and disability worldwide, and incidences are on the rise globally. According to the World Health Organization,

chronic disease is expected to account for 73% of deaths globally by 2020, up from roughly 60% in 2001. Almost three-quarters of global deaths attributable to chronic disease occur in low- and middle-income countries. Medical experts agree that these illnesses are largely preventable, and as rates continue to climb, the need for the behavior modification to prevent and manage them is widely recognized.

- **Food as medicine.** Consumers are taking a more active role in their health care, which includes following proper nutrition guidelines to prevent or manage many health issues. In fact, 70% of global respondents in Nielsen's Global Health and Ingredient-Sentiment Survey say they actively make dietary choices to help prevent health conditions such as obesity, diabetes, high cholesterol and hypertension.
- **Educated and connected consumers.** Technology gives consumers access to a wealth of health information and products they can use to exercise greater control over their health. And consumers are demanding greater transparency from food manufacturers and retailers. Only 44% of global respondents in Nielsen's survey strongly or somewhat agree that they trust industrially prepared foods (those produced by food companies), and nearly three-quarters (73%) agree that they feel more positively about companies that are transparent about where and how products were made, raised or grown.

"Consumers want to eat more healthfully, but they can't do it alone," said Andrew Mandzy, Director of Strategic Health and Wellness Insights, Nielsen. "They need help from food manufacturers to offer products that are formulated with good-for-you ingredients. They need help from retailers to stock shelves with right-priced healthful assortment. And they need help from the medical community to provide proper guidance on what and how much to eat in order to maintain a healthy lifestyle."

Helping consumers eat more healthfully may also drive healthier bottom lines for manufacturers and retailers. Two-thirds of global respondents (68%) strongly or somewhat agree they're willing to pay more for foods and drinks that don't contain undesirable ingredients. An analysis of U.S. retail sales data supports this notion: While total fast-moving consumer goods (FMCG) sales volume has been flat over the past four years, sales of products with health and wellness claims are outpacing total category growth by a significant margin in many categories.

The Nielsen Global Health and Ingredient-Sentiment Survey polled more than 30,000 online respondents in 63 countries to understand how consumers feel about the foods and beverages available on store shelves. We examined respondents' self-reported dietary restrictions, including food allergies or intolerances, and the extent to which current offerings are meeting their needs. We also looked at consumer sentiment across 22 different ingredients to uncover what consumers want on store shelves.

ABOUT THE GLOBAL SURVEY METHODOLOGY

The findings in this survey are based on respondents with online access in 63 countries (unless otherwise noted). While an online survey methodology allows for tremendous scale and global reach, it provides a perspective on the habits of only existing internet users, not total populations. In developing markets where online penetration is still growing, respondents may be younger and more affluent than the general population of that country. In addition, survey responses are based on claimed behavior, rather than actual metered data. Cultural differences in reporting sentiment are likely factors in the outlook across countries. The reported results do not attempt to control or correct for these differences; therefore, caution should be exercised when comparing across countries and regions, particularly across regional boundaries.

Where noted, the survey research is supplemented with purchasing behavior using Nielsen's Retail Measurement Services and Wellness Track data.

DRIVEN BY DISCOMFORT: SENSITIVE STOMACHS

It's not just chronic diseases that are on the rise. Research from the U.S. Centers for Disease Control and Prevention (CDC) and the European Academy of Allergy and Clinical Immunology (EAACI) shows that food allergy rates are rising in developed countries worldwide. In fact, the CDC found that food allergies among children increased approximately 50% between 1997 and 2011, while the EAACI found that hospital admissions for severe reactions in children have risen sevenfold over the past decade. Furthermore, Food Allergy Research & Education (FARE) reports that as many as 15 million Americans have food allergies, and the EAACI estimates that 17 million Europeans are affected by allergies. And while food allergy research is not as readily available in developing markets, the literature suggests that as these markets develop, allergy rates will follow a growth pattern similar to that observed in more mature markets.

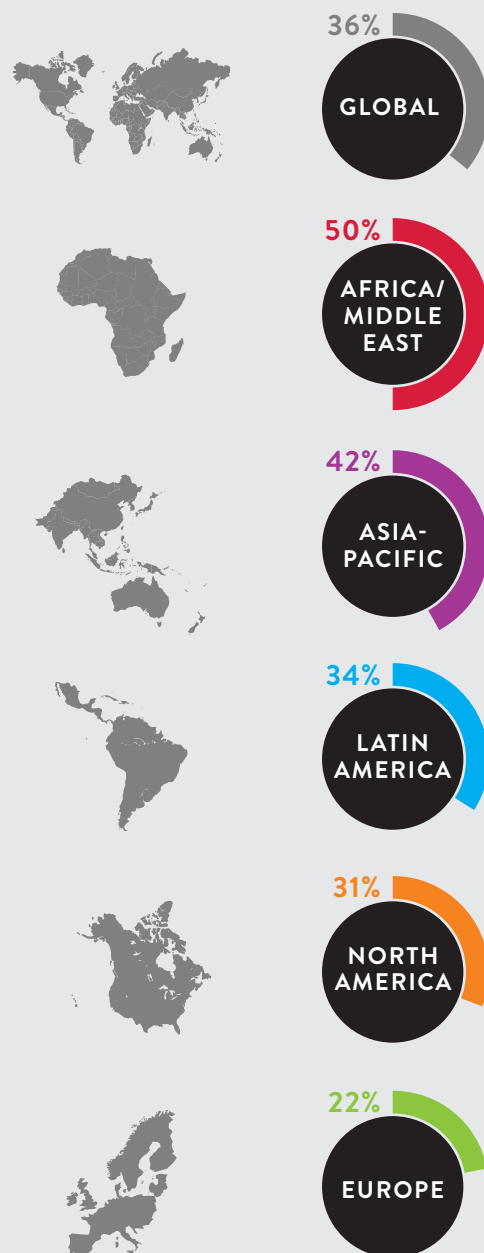
The percentage of respondents who self-report a food sensitivity or intolerance also is noteworthy. Thirty-six percent of global respondents in Nielsen's survey say they or someone in their household have an allergy or intolerance to one or more foods. Dairy or lactose and shellfish allergies are the most common self-reported food allergies or intolerances, each cited by 12% of global respondents.

Nielsen retail sales data suggests that the avoidance of certain food ingredients is indeed shaping some consumers' purchasing habits. In the U.K., volume sales¹ of dairy-free products grew 21.9%, and sales of gluten- and wheat-free products grew 30.3% and 6.1%, respectively, over the 52 weeks ended June 11, 2016. In Germany, volume sales of gluten-free products also grew by double digits (34.2%) in the 52 weeks ended May 8, 2016. And in the U.S., Nielsen Wellness Track data shows that volume sales of products that included a grain-free or gluten-free claim on the package grew 75.7% and 9.5%, respectively, while sales of products with a nut-free claim grew 15.2% over the 52 weeks ended July 30, 2016. In addition, sales of products with a lactose claim (lactose-free or reduced lactose) were up 4.8%.

¹Volume sales data are equalized for the U.K. and Germany. That is, unit sales were converted to a common measure (most often, kilograms) to control for differences in package size. In the U.S., volume is in terms of units.

MORE THAN ONE-THIRD AROUND THE WORLD SAY NO THANKS TO CERTAIN FOODS

PERCENTAGE WHO SAY THEY OR SOMEONE IN THEIR HOUSEHOLD SUFFERS FROM A FOOD ALLERGY OR INTOLERANCE



Source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016

ENLIGHTENED EATING: INDULGING SMARTER

Nearly two-thirds of global respondents (64%) say they follow a diet that limits or prohibits consumption of some foods or ingredients, and the rates are even higher in certain regions. More than eight in 10 African/Middle Eastern respondents (84%) say they follow a special diet that limits their consumption of selected foods, with halal the most commonly cited diet (48%). Respondents in Asia-Pacific are also more likely than the global average to say they follow a special diet (72%), and they're most likely worldwide to say they adhere to a vegetarian diet (19% versus 14% globally). Half of North American respondents say they follow a special diet, followed by 44% of European respondents.

Globally, diets that limit the amount of fat or sugar are most common (31% and 26%). Additionally, about one in five respondents say they follow a diet that limits the consumption of sodium or carbohydrates (19% each).

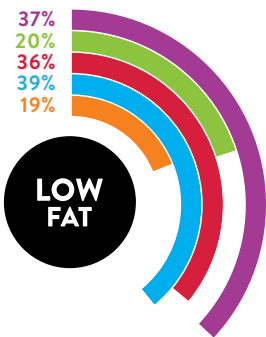


RESTRICTED DIETARY REQUIREMENTS AROUND THE GLOBE

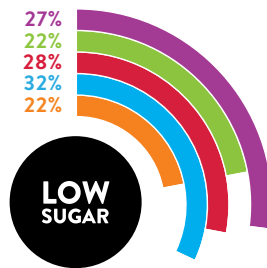
PERCENTAGE WHO SAY THEY FOLLOW A SPECIAL DIET THAT LIMITS OR RESTRICTS SPECIFIED FOODS OR INGREDIENTS

● ASIA-PACIFIC ● EUROPE ● AFRICA/MIDDLE EAST ● LATIN AMERICA ● NORTH AMERICA

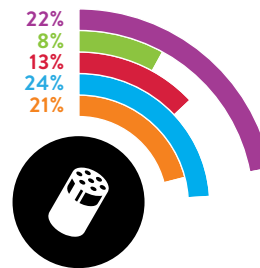
LOW FAT



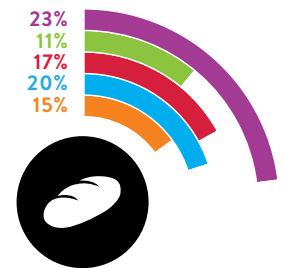
SUGAR CONSCIOUS



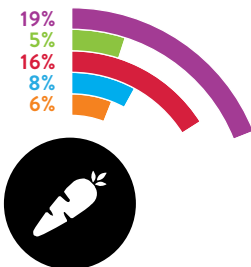
LOW SODIUM



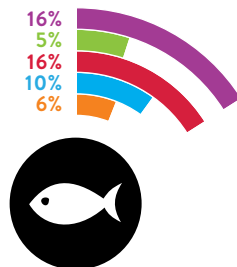
LOW CARBOHYDRATE



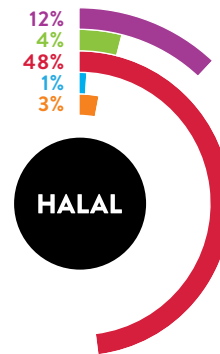
VEGETARIAN



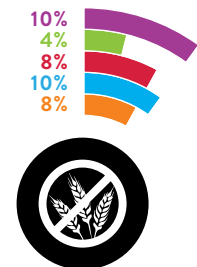
FLEXITARIAN*



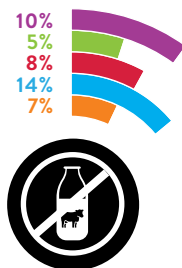
HALAL



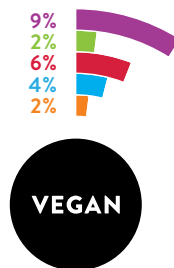
WHEAT FREE OR GLUTEN FREE



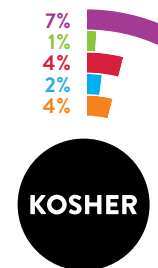
LACTOSE/DAIRY FREE



VEGAN



KOSHER



Source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016

*Primarily vegetarian, but occasionally eat meat, poultry or seafood

An analysis of Nielsen retail sales data in selected markets² suggests that many consumers are indeed reducing their consumption of fat, sugar and sodium. Year over year 2016³ volume sales⁴ of sugar declined in 10 of 14 markets in the study, with the largest declines in Austria (–9.8%), the U.K. (–7.5%), Spain (–6.3%) and Belgium (–6.1%); the trend is similar for sugar substitutes and artificial sweeteners, which declined in 13 of 14 markets. In addition, volume sales of carbonated soft drinks, chocolates and cookies or biscuits (foods typically high in sugar content) were virtually flat (less than 2% increase) or declined in 13 of 17, 13 of 17 and 10 of 16 markets in the study, respectively. Volume sales of soup, which is often high in sodium, also declined in 12 of 16 markets—many quite steeply (–14.6% in India, –13.0% in Brazil and –7.7% in the U.K.) Volume sales of carbohydrate-rich foods such as bread and pasta either were flat or saw modest declines in 8 of 12 and 14 of 17 markets, respectively.

While many consumers are making dietary changes for health reasons, it's clear that there is always room for food indulgences. For example, ice cream sales grew⁵ impressively in several markets, including Austria (18.3%), the Philippines (9.9%) and Poland (9.5%). The salty-snacks category also is growing in the majority of markets, with double-digit sales growth in the Netherlands (16.7%), Belgium (16.4%), Egypt (15.9%), the Philippines (12.1%) and India (11.1%).

“While many consumers are taking steps to opt for better-for-you food choices, they still want to treat themselves,” said Mandzy. “Increasingly, however, they’re indulging smarter, particularly when it comes to the treats they’re consuming on a regular basis. Manufacturers that innovate by incorporating ingredients and preparation methods that improve the nutritional profile of their product portfolio will be strongly positioned to succeed.”

Many consumers appear less averse to foods that have health benefits mixed with high caloric or saturated-fat content. Some better-for-you categories, such as cheese, are growing in the majority of the markets (13 of 18) included in the study. In addition, nut sales are rising rapidly in India (14.0%), Poland (9.6%) and Portugal (9.1%). In the U.S., Nielsen Wellness Track data shows that in several traditionally indulgent categories, products with wellness claims are outpacing total category growth. For example, volume sales of salty snacks with a natural or organic claim on the package grew 5.7% and 23.4%, respectively, over the 52 weeks ended July 30, 2016, compared with growth of 2.6% for the total category.



**YEAR OVER YEAR 2016
VOLUME SALES
OF SUGAR
DECLINED IN
10 OF 14
MARKETS**

Source: Nielsen Retail Measurement Services.
Twelve months ended in March, April or May 2016

²Not all categories are available for all countries. See methodology for listing of countries included in each category.

³See methodology for the sales period dates for each country.

⁴Volume sales data are equalized. That is, unit sales were converted to a common measure (most often, kilograms) to control for differences in package size.

⁵A category is considered to be growing when year over year sales exceed 2%. Growth less than or equal to 2% is considered flat or modest.

DIETARY DIVERSITY: THE INGREDIENTS WE AVOID

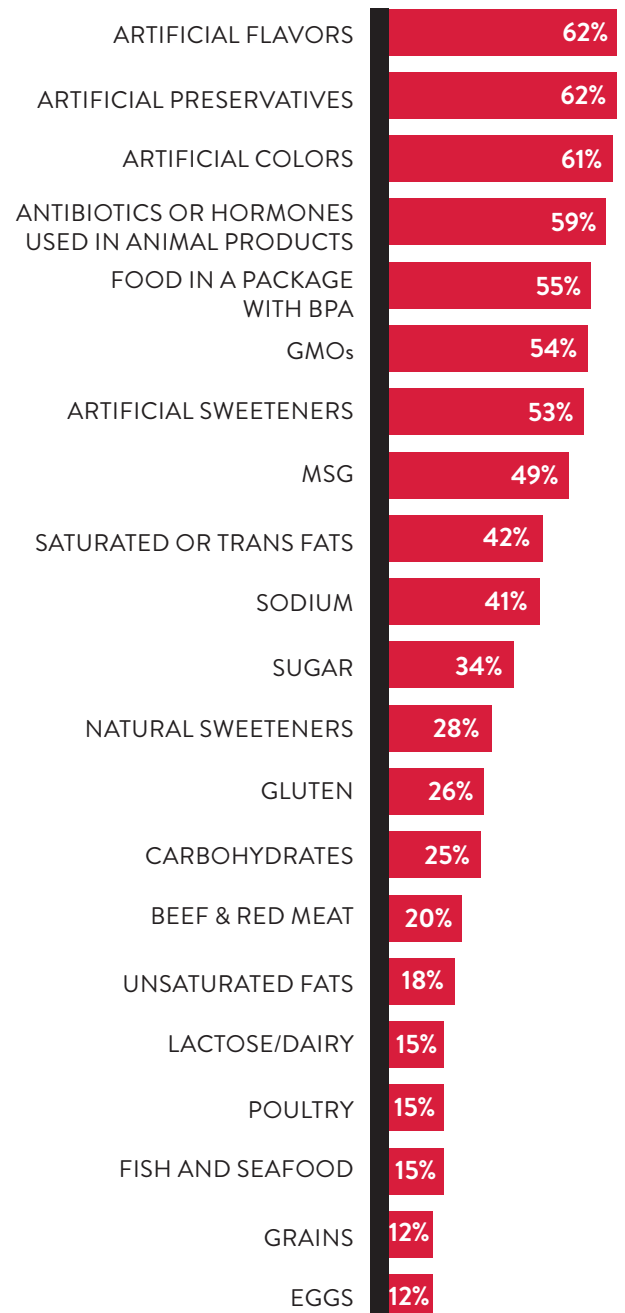
When it comes to ingredient trends, a back-to-basics mind-set, focused on simple ingredients and fewer artificial or processed foods, is a priority for the majority.

While artificial or processed ingredients are widely cited as avoided around the globe, sentiment varies slightly by region. Artificial flavors, colors and preservatives appear to be less bothersome in Latin and North America than globally, while the percentage in these regions who say they avoid sodium (49% and 47%, respectively) and sugar (39% each) exceeds the global average (41% and 34%, respectively). North American respondents are also more likely to say they avoid monosodium glutamate (MSG; 55% versus 49% globally). In fact, this ingredient has the highest level of stated avoidance in the region. Latin American respondents exceed the global average for avoiding saturated fat (53% versus 42%) and carbohydrates (30% versus 25%). European respondents are more likely than the global average to say they avoid foods that contain antibiotics (65% versus 59%) and genetically modified organisms (59% versus 54%), while Africa/Middle East respondents exceed the global average for saying they avoid gluten (32% versus 26%), carbohydrates (30% versus 25%) and unsaturated fats (25% versus 18%).

“Even within markets, health and wellness is not a one-size-fits all approach,” said Mandzy. “Therefore, a focused approach is needed, with retailers and manufacturers identifying high-potential segments and the drivers of engagement for these consumers and then tailoring their messages and products accordingly.”

AVOIDING ARTIFICIAL INGREDIENTS TOPS THE GLOBAL LIST

GLOBAL AVERAGE: PERCENTAGE WHO SAY THEY TRY TO AVOID SPECIFIED INGREDIENT OR ATTRIBUTE



Source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016

REGIONAL RED FLAGS

TOP FIVE INGREDIENTS RESPONDENTS SAY THEY AVOID IN EACH REGION



ASIA-PACIFIC

1	ARTIFICIAL PRESERVATIVES	67%
2	ARTIFICIAL FLAVORS	66%
3	ARTIFICIAL COLORS	65%
4	ANTIBIOTICS OR HORMONES USED IN ANIMAL PRODUCTS	59%
5	FOOD IN A PACKAGE WITH BPA	57%



EUROPE

1	ANTIBIOTICS OR HORMONES USED IN ANIMAL PRODUCTS	65%
2	ARTIFICIAL PRESERVATIVES	61%
3	ARTIFICIAL FLAVORS	60%
4	ARTIFICIAL COLORS	60%
5	GMOs	59%



AFRICA/ MIDDLE EAST

1	ARTIFICIAL FLAVORS	62%
2	ARTIFICIAL PRESERVATIVES	62%
3	ARTIFICIAL COLORS	62%
4	ANTIBIOTICS OR HORMONES USED IN ANIMAL PRODUCTS	55%
5	FOOD IN A PACKAGE WITH BPA	55%



LATIN AMERICA

1	ANTIBIOTICS OR HORMONES USED IN ANIMAL PRODUCTS	59%
2	ARTIFICIAL COLORS	56%
3	ARTIFICIAL FLAVORS	54%
4	ARTIFICIAL PRESERVATIVES	54%
5	FOOD IN A PACKAGE WITH BPA	53%



NORTH AMERICA

1	MSG	55%
2	ANTIBIOTICS OR HORMONES USED IN ANIMAL PRODUCTS	54%
3	ARTIFICIAL SWEETENERS	54%
4	ARTIFICIAL PRESERVATIVES	53%
5	FOOD IN A PACKAGE WITH BPA	53%

Source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016



Why are respondents avoiding these ingredients? Primarily because of their perceived impact on health, rather than because of an actual medical condition. Among those who say they avoid specific ingredients, roughly eight in 10 global respondents say they do so because they believe these ingredients are harmful to their own or their family's health. The percentages who give this reason are fairly steady across categories: Artificial colors, flavors, preservatives or sweeteners (84%, 84%, 84% and 78%, respectively); BPA (82%); GMOs (81%); antibiotics (81%); and MSG (79%).

Respondents say they're looking for simpler options and avoiding artificial ingredients and undesirable additives, but are actual purchases consistent with what respondents say?

Nielsen retail sales data from Germany and the U.S. suggests that consumers are indeed backing up their sentiments with their wallets. In Germany, volume sales of organic products grew 10.6% over the 52 weeks ended April 3, 2016.⁶ In the U.S., volume sales of products with an organic claim on the package grew 13.1% over the 52 weeks ended July 30, 2016. In addition, products with claims that they are hormone- or antibiotic-free, GMO-free or natural grew 21.7%, 12.0% and 7.5%, respectively, over the same period. Claims that the product was made without artificial colors or flavors, high-fructose corn syrup or MSG also grew compared to the previous year, with volume sales of such products growing 5.4%, 3.2% and 2.3%, respectively, year over year.



IN THE U.S.,
VOLUME SALES OF
PRODUCTS WITH
AN **ORGANIC**
CLAIM ON THE
PACKAGE
GREW
13.1%

Source: Nielsen Wellness Track. 52 weeks ended in July 30, 2016

⁶Volume sales data are equalized for Germany. That is, unit sales were converted to a common measure (kilograms) to control for differences in package size. In the U.S., volume is in terms of units.

SEEKING SIMPLICITY: LESS IS MORE

Despite the inherent differences between markets, simplicity resonates globally. Three-quarters of global respondents (75%) strongly or somewhat agree that they're concerned about the long-term health impact of artificial ingredients, with the highest level of agreement in Asia-Pacific (80%). In addition, 69% strongly or somewhat agree that foods without artificial ingredients are always more healthful, and just over half (52%) agree that foods and beverages with fewer ingredients are more healthful, with agreement even stronger in North America (61%).

Many consumers define healthful foods primarily by what they *don't* contain, rather than the benefits they provide. Sixty-two percent of global respondents agree that the absence of undesirable ingredients is more important than the inclusion of beneficial ones. Once again, Asia-Pacific leads the way, with 70% of respondents saying they strongly or somewhat agree with this statement.

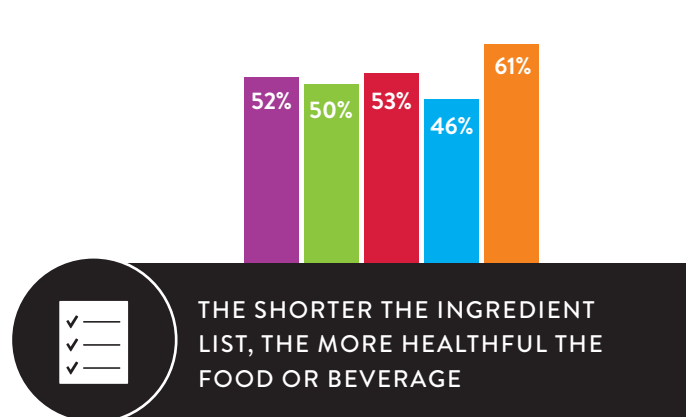
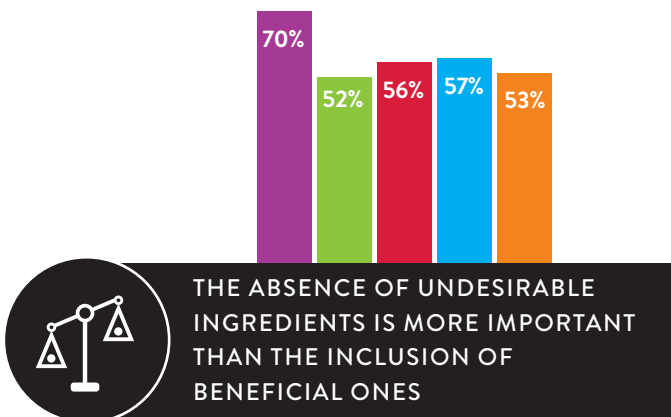
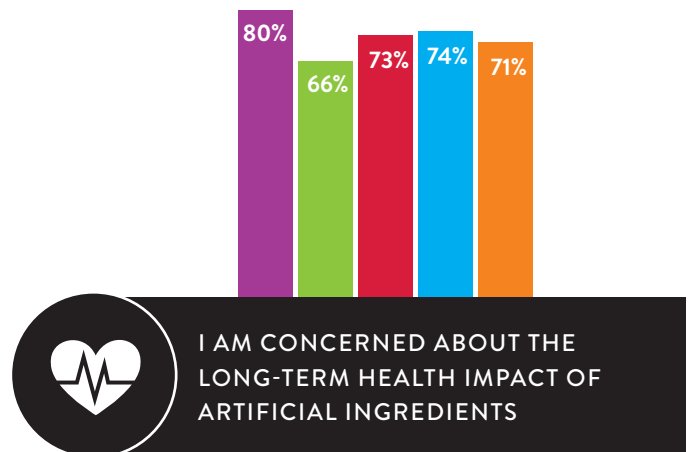
"Informed and savvy consumers are demanding more from the foods they eat, and some are prioritizing ingredients over brands," said Mandzy. "To many consumers, simple is beautiful, and foods with a short list of recognizable ingredients resonate strongly. Savvy manufacturers are responding to this trend by modifying product portfolios by simplifying food ingredient lists and creating natural and organic alternatives to existing offerings. Meanwhile, retailers are also prioritizing healthful foods and better-for-you brands in the center of the store, and emphasizing fresh and perishable foods around the perimeter in order to drive growth."



SIMPLY IRRESISTIBLE: CONSUMERS WANT STRAIGHTFORWARD SUSTENANCE

PERCENTAGE WHO STRONGLY OR SOMEWHAT AGREE WITH STATEMENT

● ASIA-PACIFIC ● EUROPE ● AFRICA/MIDDLE EAST ● LATIN AMERICA ● NORTH AMERICA

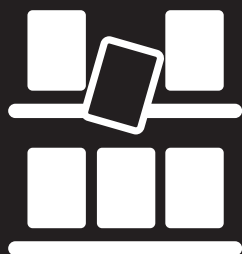


Source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016

HUNGRY FOR HEALTHFUL: FOOD TO FIT DIETARY NEEDS

“Build it and they will come,” a quote made famous in the American movie “Field of Dreams,” is perhaps fitting when it comes to food availability. Among respondents who say they have a food sensitivity or limitation, fewer than half (45%) say their needs are being fully met by current product offerings, with even lower satisfaction levels in Latin America and Africa/Middle East. Fewer than four in 10 respondents in both regions say their needs are fully being met (37% each). Satisfaction levels are highest in North America, where 59% say their dietary needs are being fully met by current offerings, likely a reflection of the ample product selection and large store sizes in the region.

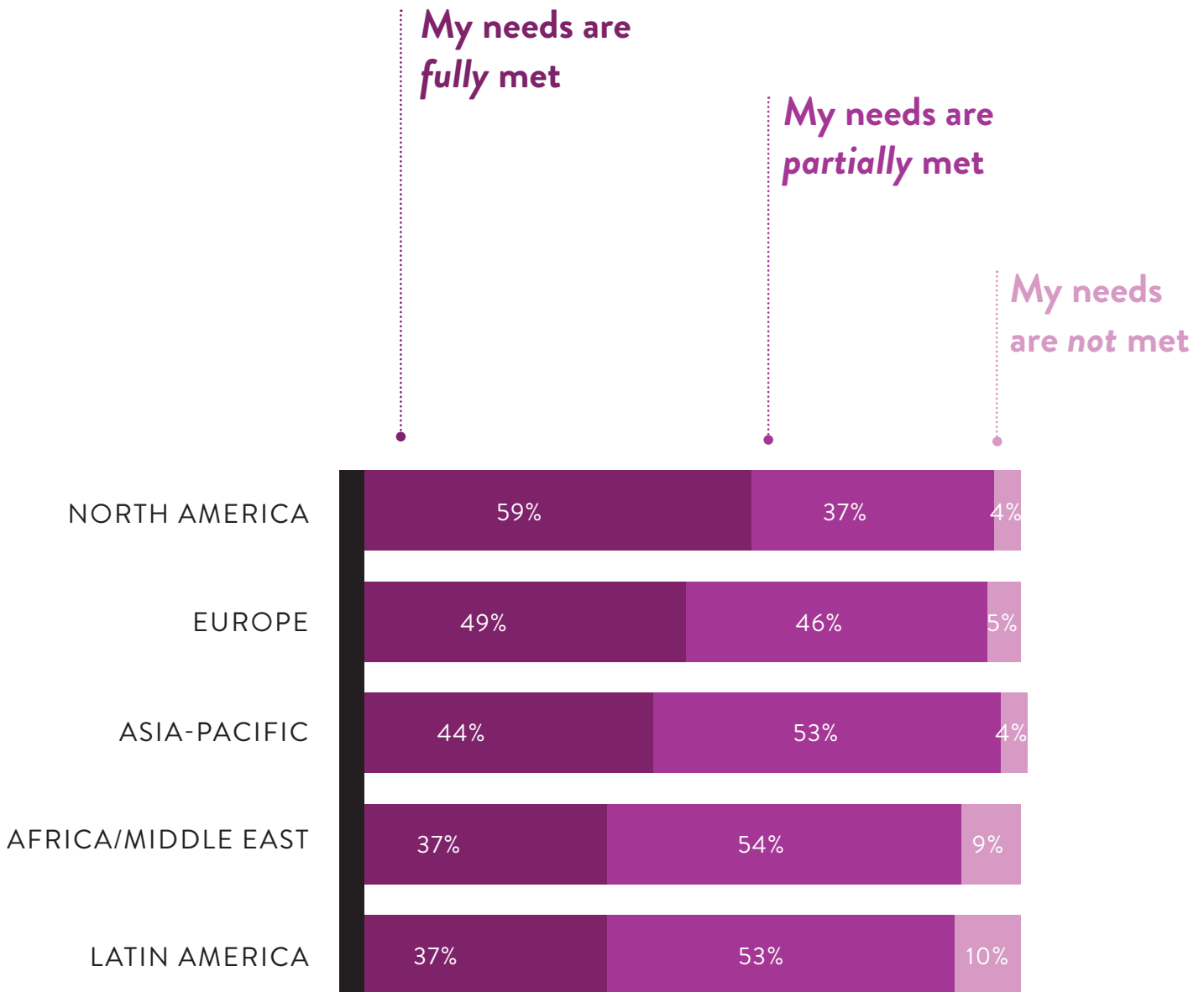
“As awareness and diagnosis of food sensitivities rise worldwide and more consumers opt to change their diets, a new set of dietary needs with strong potential for growth is emerging,” said Mandzy. “There is clearly a gap, however, between the products many consumers are looking for and those that are currently available. Marketers that prioritize unmet needs by way of new-product development, enhancement initiatives and assortment decisions will not only realize a boost to their bottom lines, but will also build a loyal shopper base that will drive sales well into the future.”



FEWER THAN HALF **(45%)** OF RESPONDENTS WHO SAY THEY HAVE A FOOD SENSITIVITY OR LIMITATION SAY THEIR **NEEDS ARE BEING FULLY MET** BY CURRENT PRODUCT OFFERINGS

DIETARY NEEDS ARE NOT FULLY MET

PERCENTAGE OF RESPONDENTS WHO FOLLOW A SPECIAL DIET OR HAVE A FOOD SENSITIVITY WHO SAY THEIR NEEDS ARE BEING MET



Base: All respondents who follow a diet that restricts one or more foods or ingredients or who say a household member suffers from a food allergy or intolerance

Source: The Nielsen Global Health and Ingredient-Sentiment Survey, Q1 2016

Note: Percentages may not equal 100% due to rounding

GREEN MEANS GO: WHAT HEALTH- CONSCIOUS CONSUMERS WANT

The opportunity to better serve consumers goes beyond those with food sensitivities or limitations. It also applies to those looking to lead a more healthful lifestyle in general. Where do consumers see the biggest gap between the kinds of products they want and those currently available? Which items do they wish were on more stores' shelves?

Sentiment varies by region. The percentage of Latin American respondents who wish there were more products available exceeds the global average for nearly all attributes surveyed. In contrast, North America trails the global averages for nearly all attributes. Not coincidentally, North Americans, who are the most likely to say their dietary needs are being fully met, are also the most likely to say they don't see the need for any new products (18% versus 8% globally). Once again, this is likely a reflection of the larger-than-average store sizes and assortment options that are common in North America.

European respondents are more likely than the global average to say they wish there were more products without artificial colors (51% versus 45%), artificial flavors (50% versus 43%) or GMOs (46% versus 38%), while Asia-Pacific has the highest percentage of respondents who say they want more organic products (51% versus 44% globally).

Globally, All-Natural Products Lead the Way in Popularity



58%

OF GLOBAL
RESPONDENTS
WANT MORE ALL-
NATURAL PRODUCTS

NO ARTIFICIAL COLORS 45%

ORGANIC OPTIONS 44%

NO ARTIFICIAL FLAVORS 43%

REDUCED SUGAR 42%

REDUCED FAT 42%

WHAT TO DO NEXT: TAKEAWAYS FOR RETAILERS AND MANUFACTURERS

The health-and-wellness space has huge upside potential as consumers search for better, more healthful solutions that are compatible with their lifestyles and needs. Realizing the full potential will require collaboration between manufacturers and retailers, but there are some important strategies each party should keep in mind when navigating the health-and-wellness space.

SUCCESS STRATEGIES FOR MANUFACTURERS

- **Keep it simple.** It's been said, but it bears repeating: Simple is in, and manufacturers should review their product portfolios for opportunities to remove or replace undesirable ingredients, particularly those seen as most objectionable, including artificial colors, flavors, preservatives and sweeteners; antibiotics; GMOs; and packaging made with BPA. Manufacturers that have taken these steps should highlight them prominently in their marketing campaigns. In addition, they should look for opportunities to leverage powerful brand names through line extensions, creating organic and natural alternatives to their existing product lines.
- **Innovate, invest, acquire.** While removing undesirable ingredients is a good starting point, health-and-wellness strategies shouldn't just be centered on that alone. New-product development remains critical, and it can encompass everything from creating a new version of traditional favorites using alternative ingredients (e.g., gluten-free bread or nondairy milk) to creating products with an entirely new taste experience. But savvy manufacturers aren't going it alone when it comes to product development. Some have started venture capital funds to identify up-and-coming brands, while others are acquiring disruptive brands with strong growth potential.
- **Make it convenient, cost effective and tasty.** While many consumers aspire to more healthful living, meeting this goal can prove quite challenging. Cost, taste and convenience are still very important in purchase decisions. Manufacturers should look for opportunities to combine these attributes, helping time-crunched consumers eat healthfully without sacrificing taste or breaking the bank.
- **Don't ignore indulgence categories.** Consumers still want to indulge, but they want to do it smartly. When looking for growth opportunities, manufacturers should think beyond traditionally healthful categories, instead looking for ways to make the indulgences consumers enjoy a little less sinful.

SUCCESS STRATEGIES FOR RETAILERS

- **Realize that the whole is greater than the sum of the parts.** Savvy retailers aren't focused on a single category or a single department; they recognize that health and wellness matters across the entire store, and they carry an array of healthful options across categories and departments because they know that sales in one category (e.g., organic bread) can drive the sale of related products (e.g., natural peanut butter).
- **Consider offering related services.** With greater competition in the health-and-wellness space, it's increasingly difficult to stand out from the crowd. One way retailers can differentiate themselves is to be a one-stop shop for all of consumers' health needs. Retailers should look for opportunities to expand their in-store health care offerings, such as a clinic or pharmacy.
- **Employ experts.** While consumers have access to more health-related information than ever before, sorting through it and deciding what's accurate and what isn't can be daunting. Retailers should be seen as a partner in living more healthfully, and they should provide the resources to help consumers make the best choices for themselves. Some retailers have rolled out shelf tags that designate more healthful choices, but to truly stand out, retailers should train associates to be more knowledgeable about healthful products, and they should consider employing experts, such as dietitians, who can help shoppers make smarter decisions.
- **Focus on ailment sufferers and older consumers.** Nielsen U.S. sales data shows that households with an ailment sufferer (anyone coping with a health problem, including allergies, obesity, and insomnia) spend disproportionately more on health and personal-care products. In addition, older respondents account for a majority of over-the-counter medication sales. Therefore, it's critical to understand how these consumers shop across the store in order to develop strategies to market to them and optimize assortment.

PART II

TABLE FOR TWO: OUT-OF-HOME DINING TRENDS



SHOULD I STAY, OR SHOULD I GO (OUT)?

AROUND THE WORLD

- Global respondents are avid out-of-home diners, with nearly half (48%) saying they eat out weekly or more often.
- Lunch and dinner are the meals that consumers most frequently eat away from home, but breakfast may represent a growth opportunity in some markets.
- Quick-service and casual restaurants are the most preferred eating establishments.
- Food quality and price are the most important factors when choosing an out-of-home dining establishment.

Consumers aren't just eating at home. They're also dining out—many quite frequently—and the establishments serving them compete with food retailers and manufacturers in the battle for consumers' wallets.

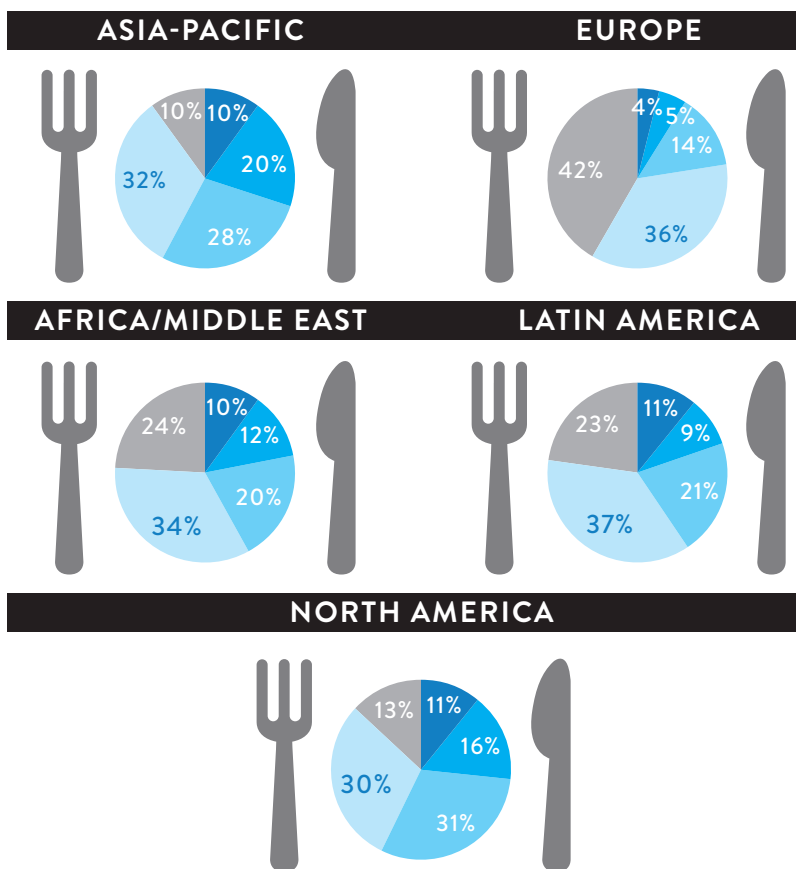
The Nielsen Global Out-of-Home Dining Survey polled more than 30,000 online respondents in 61 countries to understand consumers' out-of-home dining behaviors and preferences. We examined respondents' self-reported frequency of eating out, their preferred dining establishments and the most important selection factors when choosing a restaurant. We also offer insight into how retailers can protect their share of food spending.

STRONG APPETITES FOR OUT-OF-HOME DINING

Eating out isn't just for special occasions; it's a way of life for nearly half of global respondents (48%), who say they eat at restaurants or other out-of-home dining establishments weekly or more often. Respondents in Asia-Pacific and North America are particularly avid out-of-home diners.

FEEDING FRENZY

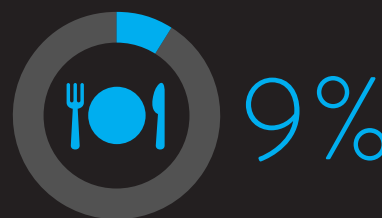
FREQUENCY OF DINING AT RESTURANTS OR OTHER OUT-OF-HOME DINING ESTABLISHMENTS



- ONCE A DAY OR MORE FREQUENTLY ● 3 TO 6 TIMES A WEEK
- ONCE OR TWICE A WEEK ● 1-3 TIMES PER MONTH
- LESS THAN ONCE A MONTH OR NEVER

Source: The Nielsen Global Out-of-Home Dining Survey, Q3 2015
 Note: Percentages may not equal 100% due to rounding

DAILY DINERS



9% OF GLOBAL RESPONDENTS SAY THEY EAT AWAY FROM HOME ONCE A DAY OR MORE FREQUENTLY.

COUNTRIES THAT EXCEED THE GLOBAL AVERAGE

HONG KONG	26%
TAIWAN	25%
MALAYSIA	23%
THAILAND	22%
MOROCCO	20%
SINGAPORE	19%
BRAZIL	17%
VIETNAM	16%
SAUDI ARABIA	15%
INDIA	14%
UNITED STATES	12%
EGYPT	12%
INDONESIA	11%

Source: The Nielsen Global Out-of-Home Dining Survey, Q3 2015

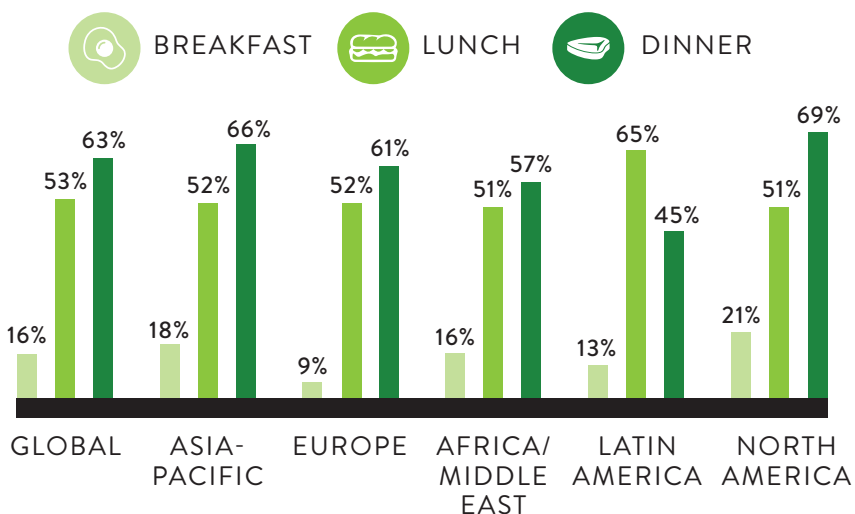
RISE AND SHINERS, NOT RISE AND DINERS

Dinner and lunch are the meals that respondents most commonly eat away from home, while fewer say they eat breakfast outside the home. But this trend may be changing in some markets. For example, respondents in the U.S. are more likely than the global average to say they eat breakfast at an out-of-home dining establishment (21% versus 16% globally), and many restaurants are capitalizing on the breakfast trend by introducing convenient offerings for busy consumers who have little time for a formal meal. Coffee shops are expanding their menus to include more breakfast options, while some quick-service restaurants have introduced breakfast service or made their breakfast offerings available all day.

“Breakfast has been a growth driver for some fast-food and quick-service dining establishments, but it represents a strong growth opportunity for retailers as well,” said Mandzy. “To win at breakfast, retailers should focus on healthfulness and convenience. Consumers often have less time for meal planning and preparation in the morning, but quality, taste and freshness remain critical. And products that pack a healthful benefit are even better positioned to succeed. For example, while the ready-to-eat cereals category is declining in the U.S., the gluten-free, GMO-free and no-high-fructose-corn-syrup cereal sub-segments are growing.”

LUNCH AND DINNER ARE FAVORITE FARES

PERCENTAGE OF OUT-OF-HOME DINERS WHO SAY THEY EAT SPECIFIED MEAL AWAY FROM HOME



Base: All those who eat out at restaurants or other out-of-home dining establishments
Source: The Nielsen Global Out-of-Home Dining Survey, Q3 2015

LATIN AMERICAN LUNCHERS



OF GLOBAL RESPONDENTS WHO SAY THEY DINE OUT, EAT **LUNCH** AWAY FROM HOME.

THREE OF THE TOP FIVE COUNTRIES WITH THE HIGHEST PERCENTAGE OF RESPONDENTS WHO EAT **LUNCH** AWAY FROM HOME ARE IN LATIN AMERICA.

TOP 20 COUNTRIES THAT DINE OUT FOR LUNCH

POLAND	80%
CHILE	79%
SLOVAKIA	78%
MOROCCO	74%
BRAZIL	72%
COLOMBIA	72%
CZECH REPUBLIC	71%
LATVIA	71%
LITHUANIA	70%
SLOVENIA	70%
PERU	70%
HUNGARY	68%
HONG KONG	67%
TAIWAN	65%
FRANCE	65%
JAPAN	64%
ESTONIA	64%
VENEZUELA	64%
EGYPT	63%
SPAIN	61%

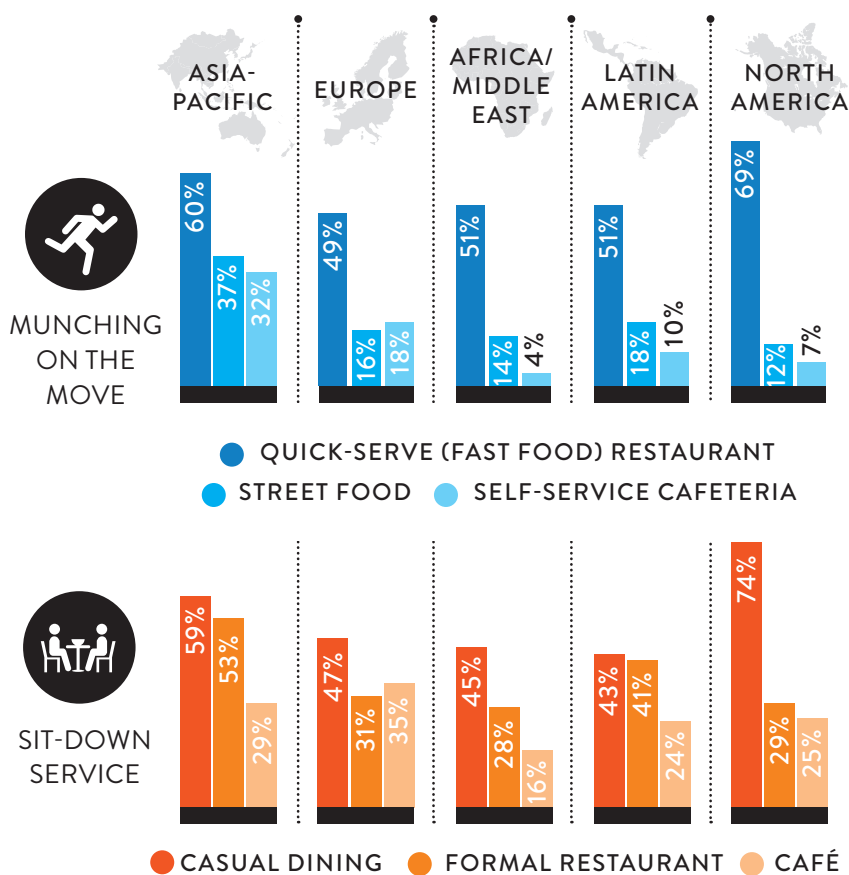
Source: The Nielsen Global Out-of-Home Dining Survey, Q3 2015

OUT-OF-HOME DINERS HAVE A NEED FOR SPEED

Quick-service and casual-dining restaurants are the most popular types of out-of-home dining establishments frequented in every region, and they're particularly popular in North America. Formal dining restaurants, street food and self-serve cafeterias are popular in Asia-Pacific, while cafés are popular in Europe.

SIT-DOWN SERVICE, OR MUNCHING ON THE MOVE?

PERCENTAGE OF OUT-OF-HOME DINERS WHO FREQUENT SPECIFIED ESTABLISHMENTS



Base: All those who eat out at restaurants or other out-of-home dining establishments

Source: The Nielsen Global Out-of-Home Dining Survey, Q3 2015

STREET FOOD FARE FINDERS



OF GLOBAL RESPONDENTS WHO EAT AWAY FROM HOME SAY THEY EAT **STREET FOOD**.

COUNTRIES IN ASIA-PACIFIC MAKE UP NINE OF THE TOP 10 COUNTRIES THAT DINE OUT AT **STREET FOOD** VENDORS.

COUNTRIES THAT EXCEED GLOBAL AVERAGE

MALAYSIA	51%
TAIWAN	50%
VIETNAM	48%
INDONESIA	44%
CHINA	43%
SINGAPORE	43%
HONG KONG	38%
THAILAND	38%
INDIA	36%
GERMANY	34%
PHILIPPINES	30%
MEXICO	30%
PAKISTAN	29%

Source: The Nielsen Global Out-of-Home Dining Survey, Q3 2015

CHECK, PLEASE!

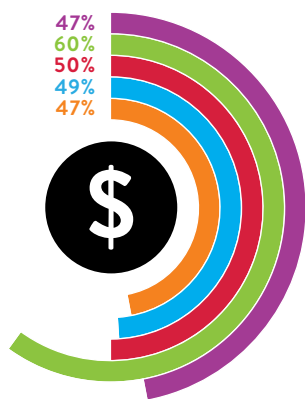
Reasonable food prices and food quality are the two main factors that respondents in every region consider when choosing a restaurant or other out-of-home dining establishment—by a wide margin in most. Reasonably priced food is particularly important in Europe, while Latin America exceeds the global average for the importance of both food quality and service. In North America, the type of cuisine served is a close third behind reasonable prices and quality, and it exceeds the global average by nine percentage points.

PRICE AND QUALITY ARE MOST IMPORTANT FOR DINERS

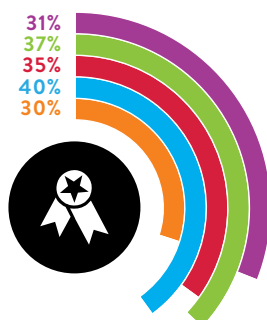
PERCENTAGE OF OUT-OF-HOME DINERS WHO SAY ATTRIBUTE WAS MOST OR SECOND-MOST IMPORTANT FACTOR IN ESTABLISHMENT SELECTION

● ASIA-PACIFIC ● EUROPE ● AFRICA/MIDDLE EAST ● LATIN AMERICA ● NORTH AMERICA

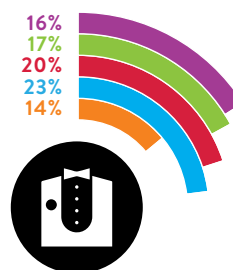
REASONABLY PRICED FOOD



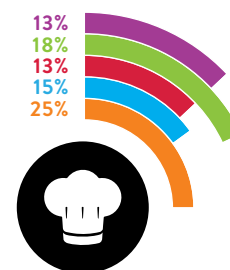
FOOD QUALITY



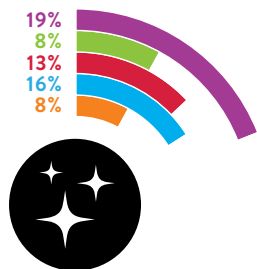
SERVICE



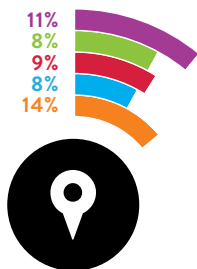
THE TYPE OF CUISINE



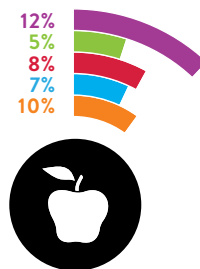
GOOD HYGIENE STANDARDS



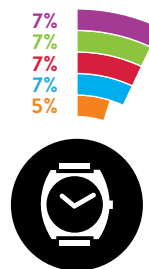
CONVENIENT LOCATION CLOSE TO HOME/WORK/SCHOOL



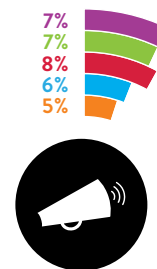
HEALTHFUL FOOD OPTIONS



NOT ENOUGH TIME TO PREPARE MY OWN MEAL



RECOMMENDATION FROM FRIENDS



Source: The Nielsen Global Out-of-Home Dining Survey, Q3 2015

FOOD FIGHT: WINNING THE BATTLE FOR SHARE OF STOMACHS

Many retailers have rolled out competitively priced ready-to-eat foods to compete with out-of-home dining establishments. How can retailers stave off the competition and protect—and even grow—their share?

- **Get the product mix right.** Some retailers can offer a breadth of cuisine types—from sandwiches to sushi—that allows consumers to select the option that best suits taste buds. But not all retailers can or should provide such a broad array. For some, it may be sufficient to offer consumers an easier, more upscale alternative to what they can make at home. Retailers should assess space and supply chain considerations as well as consumer expectations, when determining the best model.
- **Prioritize speed.** For some consumers, much of the appeal of prepared meals in stores is the ability to quickly pick up dinner while purchasing other items—perhaps grabbing a gallon of milk for breakfast the next morning. But for consumers who are just looking for a quick meal, retailers should prioritize speed and make it easy for consumers to get in and out quickly. For example, consider positioning prepared meals or food-service counters on the perimeter near the front of the store, or provide separate checkout stations so customers can skip the longer lines in the main checkout area.
- **Emphasize health and be transparent.** Busy consumers want the speed of quick-service restaurants, but they also want fresher, more healthful options. Retailers should consider expanding their array of better-for-you options, including those for consumers with special dietary needs. They should also look for opportunities to remove, reduce or replace undesirable ingredients in their prepared foods, and they should prominently tout these benefits with in-store signage. Also, as consumers demand more transparency about the foods they eat, retailers should provide nutritional information for prepared foods to help consumers to make more healthful and better-informed choices.
- **Think beyond ready-to-eat.** Some consumers may be pressed for time but still enjoy cooking or desire more control over the ingredients that go into their meals, while others may need quick solutions but don't want a ready-to-eat meal that may be less tasty after it has been sitting for a few days. Whatever the reason, some consumers may prefer other quick-meal solutions beyond fully prepared meals. Retailers should look for opportunities to better serve these consumers, such as offering meal kits that contain premeasured portions of all of the ingredients respondents need to prepare a quick meal at home.

METHODOLOGY

COUNTRIES IN THE GLOBAL SURVEY

ASIA-PACIFIC

MARKET	INTERNET PENETRATION
Australia	93%
China	50%
Hong Kong	81%
India	30%
Indonesia	31%
Japan	91%
Malaysia	68%
New Zealand	94%
Philippines	43%
Singapore	82%
South Korea	92%
Taiwan	84%
Thailand	56%
Vietnam	50%

LATIN AMERICA

MARKET	INTERNET PENETRATION
Argentina	80%
Brazil	58%
Chile	72%
Colombia	59%
Mexico	49%
Peru	53%
Venezuela	62%

EUROPE

MARKET	INTERNET PENETRATION
Austria	83%
Belgium	85%
Bulgaria	57%
Croatia	75%
Czech Republic	80%
Denmark	96%
Estonia	84%
Finland	94%
France	84%
Germany	88%
Greece	63%
Hungary	76%
Ireland	83%
Israel	75%
Italy	62%
Latvia	82%
Lithuania	82%
Netherlands	96%
Norway	96%
Poland	68%
Portugal	68%
Romania	56%
Russia	71%
Serbia	66%
Slovakia	83%
Slovenia	73%
Spain	77%
Sweden	95%
Switzerland	87%
Turkey	60%
United Kingdom	92%
Ukraine	43%

AFRICA/MIDDLE EAST

MARKET	INTERNET PENETRATION
Egypt	37%
Morocco	61%
Pakistan	15%
Saudi Arabia	66%
South Africa	49%
United Arab Emirates	93%

NORTH AMERICA

MARKET	INTERNET PENETRATION
Canada	93%
United States	87%

Source: Miniwatts Marketing, *Internet World Stats*, Nov. 30, 2015, www.internetworldstats.com

ABOUT NIELSEN RETAIL MEASUREMENT AND WELLNESS TRACK SALES DATA

Sales of “free-from” products (page 6)

- **Gluten-free.** Data was available only for the U.S., Germany and the U.K. Data for Germany and the U.K. is reported in terms of equivalized volume and is sourced from Nielsen’s Retail Measurement Services database for the 52 weeks ended in May 8, 2016 and June 11, 2016, respectively. Data for the U.S. is in terms of units and is sourced from Nielsen Wellness Track for the 52 weeks ended in July 30, 2016. Nielsen Wellness Track characteristics are based on information (including claims, endorsements and brand name) found on all sides of the packaging. Nutrition facts are not used.
- **Wheat-free.** This attribute was available only in the U.K. It is reported in terms of equivalized volume and is sourced from Nielsen’s Retail Measurement Services database for the 52 weeks ended in June 11, 2016.
- **Dairy-free.** This attribute was available only in the U.K. and U.S. U.K. data is reported in terms of equivalized volume and is sourced from Nielsen’s Retail Measurement Services database for the 52 weeks ended in June 11, 2016. The U.S. data is in terms of units and is sourced from Nielsen Wellness Track for the 52 weeks ended in July 30, 2016.
- **Grain-free and nut-free.** These attributes were available only in the U.S. Data is in terms of units and is sourced from Nielsen Wellness Track for the 52 weeks ended in July 30, 2016.

Category sales trends (page 9)

Eighteen countries were selected for inclusion based on their population size and to ensure all regions were represented. Category purchasing data is sourced from Nielsen’s Retail Measurement Services for the 12 months ended in March, April or May 2016. Equivalized volume was used in all markets except the U.S. to account for differences in product sizes. Data about the performance of products with specified health and wellness claims is in terms of units and is sourced from Nielsen Wellness Track for the 52 weeks ended in July 30, 2016. The countries included for each category are as follows:

- **Sugar.** Austria, Belgium, Brazil, Canada, France, Germany, Netherlands, Poland, Portugal, Russia, Spain, Thailand, U.K. and U.S.
- **Sugar substitutes or artificial sweeteners.** Austria, Belgium, Brazil, Canada, France, Germany, India, Mexico, Netherlands, Poland, Portugal, Spain, U.K. and U.S.
- **Carbonated soft drinks.** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, India, Mexico, Netherlands, Philippines, Poland, Portugal, Spain, Thailand, U.K. and U.S.
- **Chocolate.** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, India, Mexico, Netherlands, Philippines, Portugal, Russia, Spain, Thailand, U.K. and U.S.

- **Cookies/biscuits.** Austria, Belgium, Canada, Egypt, France, Germany, India, Mexico, Netherlands, Philippines, Portugal, Russia, Spain, Thailand, U.K. and U.S.
- **Soup.** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, India, Netherlands, Poland, Portugal, Russia, Spain, Thailand, U.K. and U.S.
- **Bread.** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, Netherlands, Portugal, Spain, U.K. and U.S.
- **Pasta.** Austria, Belgium, Brazil, Canada, France, Germany, India, Mexico, Netherlands, Philippines, Poland, Portugal, Russia, Spain, Thailand, U.K. and U.S.
- **Ice cream.** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, Netherlands, Philippines, Poland, Portugal, Russia, Spain, Thailand, U.K. and U.S.
- **Salty snacks.** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, India, Mexico, Netherlands, Philippines, Poland, Portugal, Russia, Spain, Thailand, U.K. and U.S.
- **Cheese or fresh cheese (Europe only).** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, India, Mexico, Netherlands, Philippines, Poland, Portugal, Russia, Spain, Thailand, U.K. and U.S.
- **Nuts.** Austria, Belgium, Brazil, Canada, Egypt, France, Germany, India, Mexico, Netherlands, Poland, Portugal, Russia, Spain, U.K. and U.S.

Organics sales trends (page 12)

Data was available only for Germany and the U.S. Data for Germany is reported in terms of equivalized volume and is sourced from Nielsen's Retail Measurement Services database for the 52 weeks ended in April 3, 2016. Data for the U.S. is in terms of units and is sourced from Nielsen Wellness Track for the 52 weeks ended in July 30, 2016.

Health and wellness claims sales trends (page 12)

Data about the following health and wellness claims was available only for the U.S.

- Hormone/antibiotic presence
- Genetic modification
- Natural
- MSG
- Artificial colors or flavors
- High-fructose corn syrup

Data is in terms of units and is sourced from Nielsen Wellness Track for the 52 weeks ended in July 30, 2016. For "natural" claims, Nielsen went beyond information found on the package label and researched to determine whether a brand was truly natural (USDA Organic Seal qualifies as a "natural" claim). If claims or strategic ingredients indicated something not natural was in the product, but the package used the word natural, the product was omitted from the category for "natural" claim but included in the category for another claim, "natural presence."

ABOUT THE NIELSEN GLOBAL SURVEY

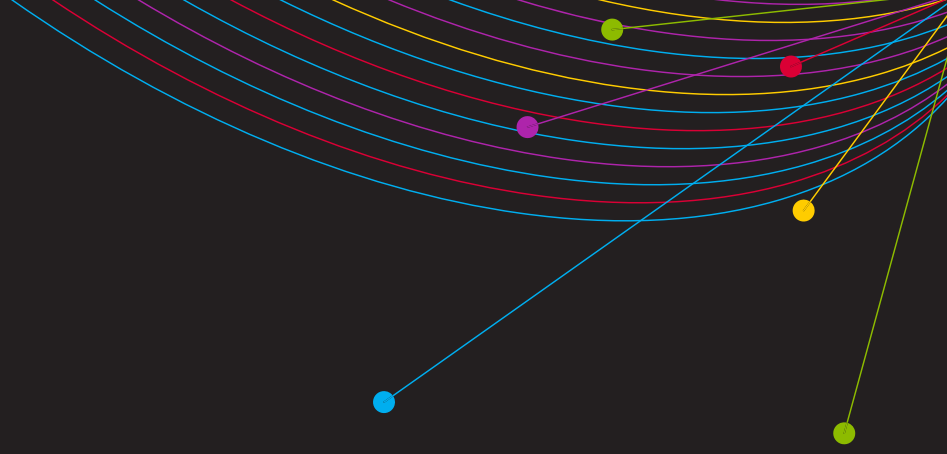
The Nielsen Global Health and Ingredient-Sentiment Survey was conducted March 1-23, 2016, and polled online consumers in 63 countries, while the Nielsen Global Out-of-Home Dining Survey was conducted Aug. 10–Sept. 4, 2015, and polled consumers in 61 countries. Both surveys polled more than 30,000 respondents throughout Asia-Pacific, Europe, Latin America, the Middle East/Africa and North America. The sample for both surveys includes internet users who agreed to participate in this survey and has quotas based on age and sex for each country. It is weighted to be representative of internet consumers by country. Because the sample is based on those who agreed to participate, no estimates of theoretical sampling error can be calculated. However, a probability sample of equivalent size would have a margin of error of $\pm 0.6\%$ at the global level. This Nielsen survey is based only on the behavior of respondents with online access. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60% internet penetration or an online population of 10 million for survey inclusion.

ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen's Watch segment provides media and advertising clients with Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world's population.

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AN UNCOMMON SENSE
OF THE CONSUMER™