

FLAVOR news

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News and Faces of FONA

FONA Wins National Awards: Great Place to Work, Food Quality & Safety



FONA is thrilled to be honored with two national awards recently! *Fortune* magazine and Great Place to Work named FONA one of the best workplaces in the country. In fact, FONA was ranked #36 out of the top 100 medium-sized workplaces nationally. The full review is available here: reviews.greatplacetowork.com/fona-international-inc



Additionally, FONA won the 2016 Food Quality & Safety Award from *Food Quality & Safety* magazine, honoring the company's commitment to ensuring the best flavors for customers. Check out the full feature in the most recent issue of *Food Quality & Safety* magazine, or visit www.foodqualityandsafety.com/article/fona-wins-2016-food-quality-safety-award/

This adds to FONA's most recent awards, including an Elite Award as part of the 101 Best and Brightest Companies to Work For in Chicago competition.



Jason Mittelheuser Adam Schowalter Alex Aja

PROMOTIONS

Jason Mittelheuser,

Scientist – Beverage

Since starting at FONA in 2009, Jason has proven himself to be a strategic innovator and creative team player. Daily, he demonstrates technical expertise in a range of beverage segments. As Scientist, he will lead key project activities and foster incredible partnerships with customers and across FONA.

Adam Schowalter,

Apprentice Flavorist

The Society of Flavor Chemists and FONA have named Adam as apprentice flavorist. Adam found his way to FONA in 2008 and has proven himself in the fields of flavor creation, technical relationship building and project management. Adam will continue to innovate and foster partnership with FONA's customers and within the company.

NEW HIRE

Alex Aja, Account Executive Trainee

A FONA intern for two years previously and proving himself as hard-working and innovative, Alex officially joins the FONA sales team. He recently graduated from Belmont University with a Bachelor's of Business Administration in Entrepreneurship. In addition to serving his own customers, Alex will assist account executives in delivering FONA excellence to our partners.

Clean Products on Your Mind? US TOO.



That's why we want to share what we've learned with *Clean: The Opportunity Report*. Visit www.fona.com/cleanreport to get this research delivered right to your inbox.



At Flavor University® it's all about knowledge and the exciting world of flavor. Join us for hands-on classes led by experts.

Classes are held at our FONA Center in Geneva, IL.

Our new Spring Schedule is online now! Plus, check out the schedule for Flavor 101® on the Road, coming to a city near you!

Visit www.FlavorUniversity.com.

WE'RE NOT MILLENNIALS, BUT WE MATTER

Together, they make up more than half of the U.S. population and have buying power in the hundreds of billions. When it comes to food products, Generation Z and Baby Boomers are making an impact. Let's take a look at what drives these consumers — and why they are definitely ones to watch.

(Story continues inside)



Chairman's Corner

There is nothing quite like Thanksgiving. It's my favorite holiday, and I enjoy taking the time to reflect on this year's blessings. There is truly so much for which to be grateful.

Above all, I give thanks to God for another year of boundless generosity and grace. I know that through Him all things are possible.

FONA's clients and partners deserve a tremendous amount of gratitude. I am grateful to our valued customers and the trust they place in us daily. It's an honor to work to deliver our consumers and communities the very best.

I owe great thanks to our FONA family. They truly make each day a wonder. Their hard work, integrity and kindness are unparalleled. It's a thrill to see co-workers, old and new, join together in dedication to our partners.

There are so many reasons to give thanks. I wish you and your families a season of love and joy.

Sincerely,

Joseph Slawek, Chairman & CEO



They're not millennials, but they're worth watching...

Who are They? Generation Z

Generation Z Fast Facts

- 68 million in the U.S.
- Roughly 20 years old and younger
- More than 25% of the total U.S. population
- Buying power close to \$200 billion – including influence in household purchases.

Despite their youth, 68 million kids born from the mid-1990s to today (those roughly age 20 and younger) are now beginning to shape the next wave of consumerism, pop culture and spending power — which Mintel puts at close to \$200 billion a year when including influence on household purchases. Members are showing themselves to be conscientious, hard-working, somewhat anxious and mindful of the future, Lucie Greene, the worldwide director of the Innovation Group at J. Walter Thompson told the *New York Times*. Here are four food trends food companies should keep in mind when engaging this group:



Four Generation Z Food Trends

1

Taste is Top Priority

According to a Technomic Special Topics Study, Generation Z "are driven mainly by flavor." The report showed that Gen Z is starting to show some sophistication in their taste choices, which food developers can take into consideration when creating the next new kid-friendly product. Parents of Gen Z also put kids' taste preferences above other considerations. According to Food Marketing Institute, 95% of parents say that it is the top reason for purchase, followed closely by nutritional content.

2

Ethnically Diverse

Research from the Hartman Group insights firm shows that Generation Z is the most ethnically diverse cohort in the U.S. "Gen Z's diversity will continue to drive food culture trends we already see around the exploration of authentic, global food experiences, and the impacts of this diversity are going to include how they eat," said Hartman's Melissa Abbott. New products and flavors should appeal to that taste for adventure and cuisine.

3

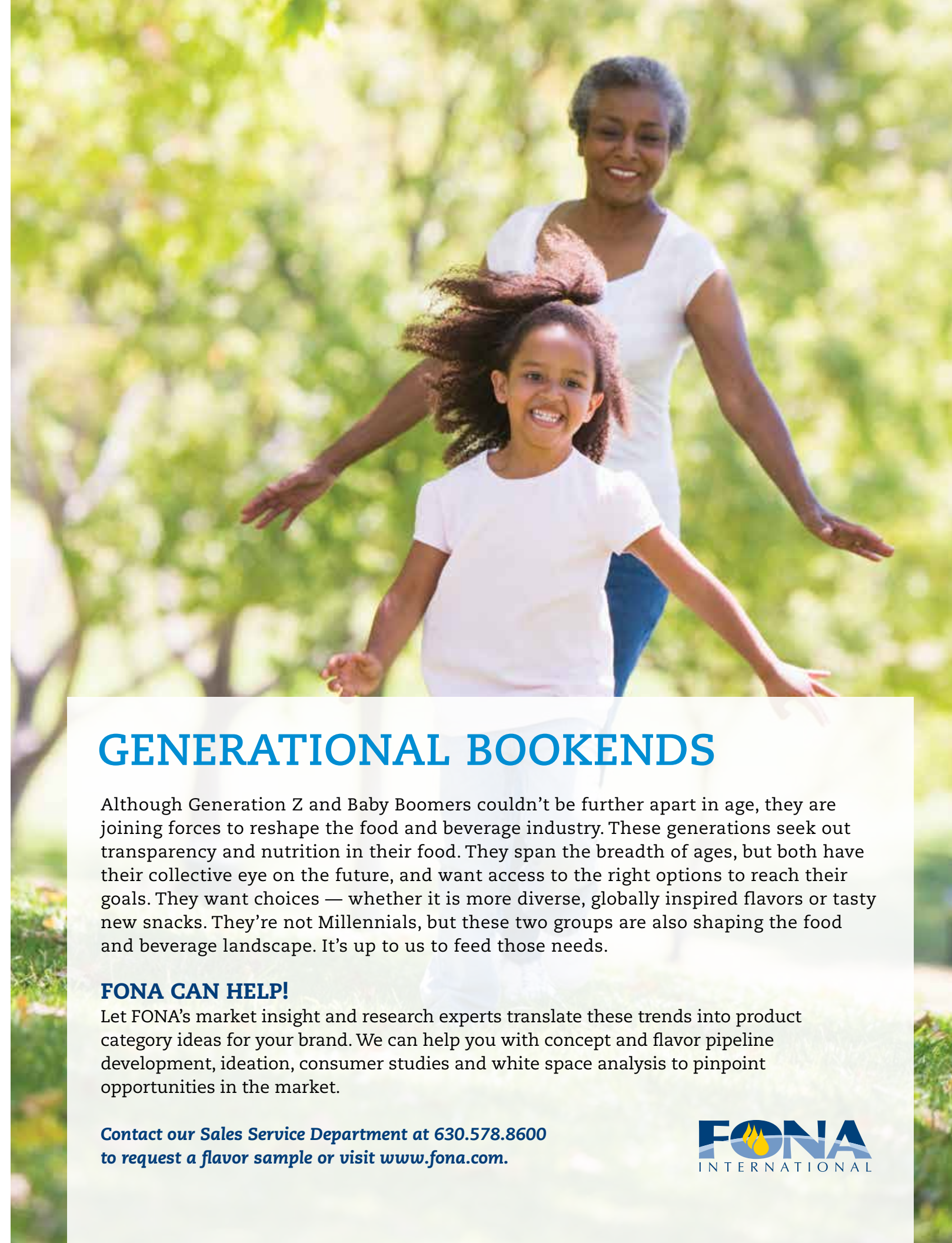
Seeking Transparency

The first generation completely raised in the digital age, Gen Z demands information at their fingertips, no matter what, meaning they expect transparency from the food industry. "To them, there is no question that can be unanswered," said Abbott. When Gen Z chooses their food and beverage, they want to know where it's from and who made it.

4

Parents and Kids Crave Options

FMI research shows that Gen Z and their parents want help from food companies to create family meals at home. About 30% of parents want more ready-to-eat foods that kids will enjoy, and a third want displays to show kid-friendly combinations to make an easy family meal. According to Technomic, food companies looking to appeal to Gen Z should take note of their need for speed, convenience and customization.



GENERATIONAL BOOKENDS

Although Generation Z and Baby Boomers couldn't be further apart in age, they are joining forces to reshape the food and beverage industry. These generations seek out transparency and nutrition in their food. They span the breadth of ages, but both have their collective eye on the future, and want access to the right options to reach their goals. They want choices — whether it is more diverse, globally inspired flavors or tasty new snacks. They're not Millennials, but these two groups are also shaping the food and beverage landscape. It's up to us to feed those needs.

FONA CAN HELP!

Let FONA's market insight and research experts translate these trends into product category ideas for your brand. We can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market.

Contact our Sales Service Department at 630.578.8600 to request a flavor sample or visit www.fona.com.



Who are They? Baby Boomers

Boomer Fast Facts

- 76.4 million in the U.S.
- 25% of the total U.S. population
- Total annual disposable income of \$2.4 trillion
- Account for \$230 billion in sales of CPG products

Born between 1946 and 1964, this generation accounts for a quarter of the total US population, with 76.4 million currently in the United States. Boomers have an annual disposable income of \$2.4 trillion (or 70 percent of the nation's disposable income) and account for \$230 billion in sales of consumer packaged goods like coffee, diet soda and magazines, according to Nielsen. Baby Boomers are going to continue to have immense influence over American society for at least another 20 years. That includes, of course, food and drink preferences.

Baby Boomers are going to continue to have immense influence over American society for at least another 20 years, including food and drink preferences.

Four Baby Boomer Food Trends

1

Serious Snackers

Baby Boomers are big-time snackers. They eat snacks more often than any other generation, snacking 20% more than Millennials do, according to NPD snack research. They choose their snacks based on taste and craving, but often look for the freshest ingredients and healthier options. Top picks are nuts and yogurt. Annually, a Boomer will enjoy a ready-to-eat snack 1,200 times. Across the generation, that totals 90.4 billion snack times.



2

Functional Foods

According to Natural Marketing Institute, 61% of Baby Boomers use functional foods and beverages, and 54% consume fortified products. Adding vitamins, calcium and other nutrients to products in innovative ways appeals to this group. With that in mind, there are a few key ingredients to watch or think about including in your products, according to Packaged Facts. Those include plant proteins, microalgae, omega-3 fatty acids, vitamin D and magnesium — all of which are growing in demand for Boomers.

3

Leading in "Less Processed"

According to Melissa Abbott from the Hartman Group, Boomers are leaders when it comes to clean label. "Boomers have driven a lot of what has been going on in terms of the fresh, less processed movement," she said. She said Baby Boomers led the movement and shaped it to their needs. It's unique for an aging generation to approach their food choices this way. Consider this when developing products geared to Baby Boomers — it's not just Millennials interested in clean.

4

Savvy Savers

Despite their hold on disposable income, Baby Boomers are actually quite cost-conscious when it comes to food and beverage. While nearly half of Millennials tell NMI they will pay a premium for non-GMO products, only 15% of Baby Boomers say the same. There is a similar disparity in organic. Overall about 40% of Boomers say they will "choose whatever is lowest priced," and 52% will buy whatever products they have coupons for. Boomers are often called "brand loyal" but Crowdtwist research shows that nearly all Baby Boomers say they will switch brands if they are offered more value elsewhere.

Sources: New York Times - "Move Over, Millennials, Here Comes Generation Z"; FoodBusinessNews.net; Blogs.technomic.com; NMI 2015 Health & Wellness Report; NPD.com; Mintel; FMI.org; Nielsen; PackagedFacts; Crowdtwist.com; FoodProcessing.com; PackagedFacts.com; Innova; Dupress.deloitte.com