Why Honey Matters!

October 21, 2017

TOPICS FOR DISCUSSION

❖ Why do honey sales matter?
   An overview of shoppers buying

❖ Food Safety Modernization Act (FSMA)
   What is it and why
SHoppers are buying more honey
A shift in consumers buying

RICE’S HONEY since 1924

Honey is a $589MM category
Steady growth

Source: Nielsen Scantrak – Answers on Demand Core, NACOC – Convenience (C’12, C’13, C’14, C’15, 52 Weeks Ending 12/3/16)
HONEY IS THE 11TH FASTEST DRY GROCERY CATEGORY
OUTPERFORMING THE GROCERY DEPT IN $ GROWTH (+1.2%)

Source: Nielsen Scantrak – Answers on Demand Core, xAOC + Convenience 52 Weeks Ending 12/31/16

57,000 NEW HOUSEHOLDS BUY THE CATEGORY
MORE HOUSEHOLDS PURCHASING MORE FREQUENTLY

Source: Nielsen Homescan 2016
HOWEVER, HONEY AWARENESS IS STILL LOW
UNADIDED VERSUS AIDED AWARENESS

Sweetener Awareness – Top 15 Unaided

- Sugar (unspecified): 41%
- Sweet N Low: 38%
- Splenda: 36%
- Stevia: 31%
- Honey: 27%
- Equal: 20%
- Truvia: 8%
- Agave/Agave Nectar/Syrup: 7%
- Aspartame: 7%
- NutraSweet: 7%
- Saccharin: 4%
- Brown Sugar: 3%
- Corn Syrup: 3%
- Maple Syrup: 3%
- Raw Sugar/Sugar in the raw: 3%

Source: National Honey Board Consumer A&U 2017

SWEETENER FAMILIARITY (AIDED)
HONEY IS SECOND MOST COMMONLY USED SWEETENER

- Granulated sugar (or white sugar): 73%
- Honey: 57%
- Brown sugar: 51%
- Maple syrup: 40%
- Non-calorie sweeteners (like Splenda or Stevia): 36%
- Other sugar (like Sugar in the Raw or Turbinado): 22%
- Corn syrup: 22%
- Molasses: 10%
- Agave nectar: 10%

Source: National Honey Board Consumer A&U 2017
Honey is the 2nd most preferred sweetener

Which is your favorite sweetener?

<table>
<thead>
<tr>
<th>Sweetener Type</th>
<th>Total Sample</th>
<th>Men</th>
<th>Women</th>
<th>Millennials (Ages 18-34)</th>
<th>Gen X (Ages 35-54)</th>
<th>Boomers (Ages 55-64)</th>
<th>Silent (Ages 65+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granulated sugar (or white sugar)</td>
<td>37%</td>
<td>92</td>
<td>108</td>
<td>92</td>
<td>108</td>
<td>97</td>
<td>100</td>
</tr>
<tr>
<td>Honey</td>
<td>22%</td>
<td>109</td>
<td>95</td>
<td>84</td>
<td>91</td>
<td>95</td>
<td>95</td>
</tr>
<tr>
<td>Non-calorie sweeteners (like Stevia)</td>
<td>19%</td>
<td>100</td>
<td>100</td>
<td>74</td>
<td>105</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Brown sugar</td>
<td>9%</td>
<td>11</td>
<td>100</td>
<td>102</td>
<td>89</td>
<td>115</td>
<td>56</td>
</tr>
<tr>
<td>Maple syrup</td>
<td>5%</td>
<td>10</td>
<td>100</td>
<td>80</td>
<td>84</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Other sugar (like sugar in the raw or Turbinado)</td>
<td>4%</td>
<td>75</td>
<td>100</td>
<td>75</td>
<td>100</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Agave nectar</td>
<td>2%</td>
<td>100</td>
<td>150</td>
<td>150</td>
<td>100</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Corn syrup</td>
<td>1%</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: National Honey Board Consumer A&U 2017
WHY THE SHIFT TO HONEY? HEALTH AND WELLNESS
BETTER FOR ME AND MY FAMILY

- Health and wellness is top of mind
- Consumers more conscious of what they are eating
- Natural ingredients and clean labels driving choice
- Sugar is the new enemy
- Seeking natural, convenient, solutions that “taste good”

Motivations to use honey support market trends:
Perceived to be “better for you”, considered “all natural”, and high usage versatility.

HEALTH AND WELLNESS ATTITUDES
STRONG TAILWINDS

“I read the ingredient list first, looking for a short list and recognizable ingredients. If that passes the test, then I look at the calories, sugar and sodium content.”

“Honey has benefits – no one ever talks about the benefits of sugar.”

“I would never pour sugar on my oatmeal or cereal. Honey is very different than sugar – it is healthier, less processed, less refined and tastes better.”

“I won’t eat anything with high fructose corn syrup.”
HEALTHY CONSCIENCE SHOPPERS USE MORE
HAVE A HIGHER HONEY CONSUMPTION

HONEY GETS MOST CREDIT FOR BEING NATURAL
UNPROCESSED, FLAVORFUL, AND FAMILIAR

Source: National Honey Board Consumer A&U 2017
SUGAR REMAINS HONEY’S MAIN COMPETITOR
WHEN IT COMES TO PREFERRED SWEETENER ATTRIBUTES

HONEY OUTPERFORMS SUGAR
ON MOST NATURAL, HEALTHY ASPECTS

Source: National Honey Board Consumer A&U 2017
**EATING THE SAME OR MORE HONEY**  
**CONSUMERS EXPECTING TO EAT SAME OR MORE NEXT YEAR**

Next year, do you plan to change how much honey you are eating?  
(Total Sample)

- Yes, I will eat more honey in the next year: 26%
- I will eat the same amount of honey I eat now: 69%
- No, I will eat less honey than I eat now: 5%

Net Positive: 21%

Source: National Honey Board Consumer A&U 2017

**HOWEVER, THERE ARE MANY BARRIERS**  
**IMPACTING FREQUENCY OF USAGE**

- Price/value
- Perception consume enough honey
- Not “top of mind”
- Not enough variety
- Not convenient

These are real consumer concerns - understanding these barriers in more depth, in context, will unlock growth opportunities.

Source: National Honey Board Consumer A&U 2017
LACK OF TOP-OF-MIND AWARENESS AND PRICE BARRIERS TO MORE FREQUENT CONSUMPTION

It doesn't occur to me to use honey: 29%
Honey is too expensive: 24%
I already eat enough honey / it would be hard for me to eat more: 21%
I prefer other sweeteners: 14%
I don't have any recipes for honey: 10%
Honey is too high in calories: 9%
Honey is too sweet: 9%
I have no need/use for honey: 9%
I don't like the taste: 6%
Honey is too high in carbohydrates: 6%

Source: National Honey Board Consumer A&U 2017

SUGAR IS THE MOST COMMONLY CONSUMED FOLLOWED BY HONEY AND BROWN SUGAR

How often do you eat the following sweeteners, either by themselves or in other foods or beverages?
Total Sample (n=2000)

<table>
<thead>
<tr>
<th>Sweetener</th>
<th>More than once/day</th>
<th>Every day</th>
<th>Several times/week</th>
<th>Several times/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granulated sugar (or white sugar)</td>
<td>17%</td>
<td>28%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Honey</td>
<td>5%</td>
<td>26%</td>
<td>15%</td>
<td>9%</td>
</tr>
<tr>
<td>Brown sugar</td>
<td>25%</td>
<td>9%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Non-calorie sweeteners (like Stevia or Splenda)</td>
<td>25%</td>
<td>26%</td>
<td>11%</td>
<td>5%</td>
</tr>
<tr>
<td>Maple syrup</td>
<td>15%</td>
<td>5%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Corn syrup</td>
<td>9%</td>
<td>5%</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Other sugar (like Sugar in the Raw or Truvia)</td>
<td>25%</td>
<td>26%</td>
<td>11%</td>
<td>5%</td>
</tr>
<tr>
<td>Agave nectar</td>
<td>7%</td>
<td>5%</td>
<td>9%</td>
<td>2%</td>
</tr>
<tr>
<td>Maltoses</td>
<td>9%</td>
<td>5%</td>
<td>6%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: National Honey Board Consumer A&U 2017
CONSUMERS AWARE OF DECLINING BEE POPULATION
HOWEVER, FOOD SAFETY RANKS #1 WITH SUSTAINABILITY

Source: National Honey Board Consumer A&U 2017