

FLAVOR NEWS

FONA INTERNATIONAL'S QUARTERLY NEWSLETTER



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Work Smarter with Flavor

FLAVOR UNIVERSITY® CLASS SCHEDULE

Flavor 101 Hits the Road

- December 4 (Anaheim)
- December 6 (Seattle)

Pet Care Flavor 201 (NEW!)

- November 14-15

FONA flavor experts love to learn — and teach! The renowned Flavor University program is offered tuition-free as a service to food and beverage professionals. We look forward to seeing you!

Register at www.flavoruniversity.com



Food's Future: Clean Label Gets Personal

Over the last 10 years, every segment of consumers - even the least health conscious among us - has moved towards a greater focus on health and wellness. Within that, clean label is intertwined. Today, consumers are simultaneously developing more confidence in their choices and expanding the parameters around what they perceive as "clean label" to include nutritional ingredients. For them, it's deeply personal. It's a complex and forever changing landscape. In this edition of FlavorNews, we're sharing some multi-faceted consumer research, and looking toward the future of food.

[Continues on page 2]

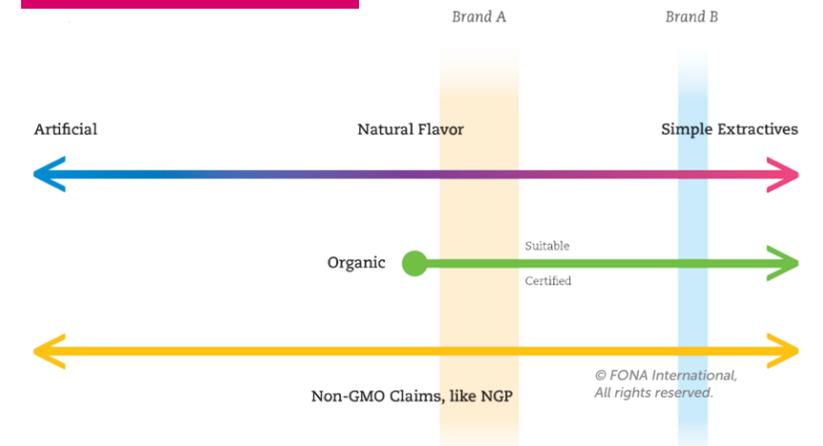
CLEAN LABEL

A close look at nutritional ingredients



As clean gains greater momentum and passion, it's more important than ever to know where you fit on that spectrum.

2016: CLEAN CONTINUUM



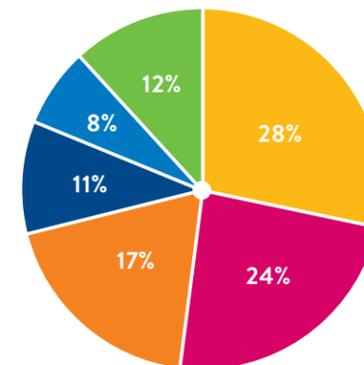
2017: CLEAN PERSONAS



At FONA, we believe that clean is a continuum.

Since our in-depth clean label research three years ago, consumers have revealed to us again and again that there is no one-size-fits-all solution. It depends on the brand, the product and the consumer. And our latest research confirms exactly this. As clean gains greater momentum and passion - it's more important than ever to know where you fit on that spectrum.

CONSIDER THIS: CLEAN IS UNDER AN EXPANDING DEFINITION



We recently asked a pool of self-identified "Clean Balancer" consumers (a persona that we estimate at 46% of consumers overall) to define clean label. Their answers reveal how closely connected clean consumers view health and clean label. In fact 28% said that clean label means not only moving towards "nothing artificial" and "free-from" -- but remarkably, getting more beneficial ingredients into the mix like protein, fiber and vitamins.

"As it relates to food and beverage products, please select the description listed below that best fits how you define the term "clean label".

- Not familiar with the term "clean label"
- Choosing whole foods that are healthy, and eating less processed foods when I can
- Avoiding artificial ingredients in the products I consume
- Choosing healthy products with added benefits such as fiber, protein, vitamins or minerals
- Choosing healthy products free-from or reduced such as low sugar, low fat, reduced sodium
- Clean Label means all of the above

2018: CONSUMER PERCEPTIONS & CLEAN LABEL SCORE™

In partnership with InsightsNow & the Clean Label Enthusiasts community, FONA is exploring in-depth how the clean label consumer views ingredients, claims, brands and more. And all signs point to clean label growing more personal, with a greater confidence and passion from consumers about their food.

Clean Label Scores are based on how quickly/slowly the pool of respondents say an ingredient is "OK" or something they avoid.

A score of 50 or above is perceived as "Clean Label."

Let's look at a few of these.



AGAVE: Let's take agave for an example. While the sweetener gets a fantastic Clean Label Score in beverages and ice cream, it falls just below the threshold for yogurt and bars.



MONKFRUIT: While highly permissible in RTD shakes, this typically "clean-friendly" sweetener just squeaks above the threshold for almond milk.

A score of 50 or above is perceived as "Clean Label" by Consumer Pool*

COMMON SWEETENERS CLEAN LABEL SCORES	AGAVE	MONKFRUIT	ACESULFAME POTASSIUM
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ENERGY BARS	45	60	31
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RTD SHAKES/SMOOTHIES	76	70	35
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ICE CREAM	63	55	21
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FLAVOR CATEGORIES CLEAN LABEL SCORES	NATURAL FLAVOR	ORGANIC FLAVOR	NATURAL & ARTIFICIAL FLAVOR	ARTIFICIAL FLAVOR
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CRACKERS	87	73	43	17
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RTD SHAKES/SMOOTHIES	89	87	56	
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ICE CREAM	88	71	45	16
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All signs point to clean label growing more personal, with a greater confidence and passion from consumers about their food.



FLAVORS: We can see similar variance with flavor ingredients. Natural flavor and organic flavor benefit from a highly positive clean perception. Even within jerky and nuts, these ingredients are perceived as highly acceptable. "Natural & Artificial flavor" is viewed unfavorably for most categories we explored – except for snack chips.

THE TAKEAWAY? Make no broad brush assumptions on how consumers view on ingredient or claim over another. Category, brand and personal expectations play a role.

Sources: *InsightsNow Clean Label Database; FONA Proprietary Clean Balancer Consumer Survey, 2018

THE FUTURE IS... BALANCING OPPORTUNITY & RISK

There's no magic bullet for clean label. Perception and passion hinges upon the news of the day – and it both precedes and follows what products are already being seen by consumers. You have to balance opportunity with risk.

The fact is that the future of food will continue to be a wild ride. Speed and accurate information are critical. The best solution in this environment is to work with a partner who understands that complexity. In a world where the answer is often "it depends" – you deserve experts who take on your biggest challenges and considers your success *their* mission.

Clean label will continue to be dynamic. With FONA, let's wisely navigate your options, and get you ready for your "what's next."

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MULTI-MILLION DOLLAR EXPANSION AT FONA HEADQUARTERS



“
WE ARE
PASSIONATE
ABOUT
GROWTH—IN
PARTICULAR,
FACILITATING
THE GROWTH
OF OUR
CUSTOMERS,”
FONA
PRESIDENT AMY
MCDONALD

In response to increased demand for its taste solutions and to keep up with its industry-leading growth rate, FONA International is announcing a significant expansion of operations at the company's headquarters.

“Delivering against our service and quality promise is the highest priority for us,” said FONA President Amy McDonald. “We are passionate about growth – in particular, facilitating the growth of our customers. This additional capacity will support FONA’s 2x4 growth promise, while also allowing FONA to keep pace with the increased request for tighter lead times.”

Construction and expansion is already underway at the family-owned creator and manufacturer of taste solutions. The work, led by Schramm Construction, will feature an expansion of proprietary taste technology, the addition of several high-capacity spray dryers, and the hiring of several new production personnel. The project is a \$14 million capital investment. Work is expected to wrap by the end of 2018 with additional capacity online by that time.

FACES OF FONA NEW HIRES + PROMOTIONS

NEW HIRES



JEREMY THOMPSON
Executive Vice President of Revenue Generation

Jeremy leads FONA’s Grain, Pet and Tolling business with a focus on customer-centric growth. Jeremy brings more than 20 years of experience in flavors and food ingredients, with success built on strategic vision, creative approaches and a passion for growth. In addition to executive and management success, Jeremy’s background includes roles in strategic innovation, accounting, purchasing and marketing among others. This adaptability as well as his laser focus on customer growth will help foster deep partnerships within FONA and beyond.



GLENN KRAEMER
Apprentice Flavorist, Beverage

Glenn will utilize his 14 years of flavor industry experience and robust background to deliver the best in flavor creation and technical excellence for FONA’s valued customers. A taste expert with strategic and creative vision, Glenn will work to build mutually beneficial relationships and growth for FONA and partners. Glenn has bachelor’s degree in food science from Kansas State University and is an apprentice with the Society of Flavor Chemists.



CHAIRMAN’S CORNER

My favorite time of year is approaching.

The Thanksgiving season at FONA is typically abuzz with excitement and gratitude – and this year more than ever, as we watch the expansion of our manufacturing capabilities unfold. It’s a time of joy and anticipation, and a perfect time to reflect on our blessings.

I’m incredibly grateful for the business growth that allows and validates this investment and expansion. You, our customers and partners, continually put your trust in us, and we thank you. We strive to support our mutual growth. I’m grateful and indebted to my FONA family – unsurpassed is the dedication of the people at this amazing company.



WILL ROSETTI
Sr. Applications Technologist - Grain, Bringing years of experience in R&D, commercialization and QA within major CPG brands, Will Rosetti will focus on applications in the bakery segment. Eminently adaptable and creative, Will is sure to use his expertise to deliver excellence for FONA’s partners. Will holds a culinary arts degree from Johnson and Wales University, and Bachelor of Science degrees in both culinary nutrition and food science.

PROMOTIONS



KAYLIND COOK
Applications Technologist II, Grain With a winning attitude and a passion for excellence, Kaylind embraces new projects and responsibility with unparalleled enthusiasm. A subject matter expert with a focus on bars, Kaylind leads projects with an emphasis on partner centricity.



EMMA RAMER
Applications Technologist II, Beverage Known for her contagious enthusiasm and expertise, Emma is a FONA leader and a technical lead on a variety of beverages products. She has a special talent for working with challenging nutritional ingredients and helps ensure customer growth.

As I watch my children Luke, Kirk and Joy each find their own calling, I can’t help but be inspired and grateful. This year my wife Mary and I welcomed our newest grandchild, Finn. His older sister and cousins are just waiting until he can run around with them and make merry mischief. Family is a joy, and I’m especially blessed to be surrounded by such love.

Of course, my deepest thanks goes to God. I trust in Him, and my gratitude is eternal. I have seen firsthand that through Him all things are possible. I thank God for the blessings we have, and those that are still ahead of us.

Looking to the future, and as always, grateful and indebted to each of you.


JOSEPH SLAWEK,
Chairman & CEO