



TREND INSIGHT: Premiumization

Premiumization has become an increasingly popular way for brands to diversify and innovate, paving the way for new unique flavors, sensations and experiences. Premium products can be a way for consumers to reward themselves as an act of self-care, sometimes justifying a higher price point. And with private label brands and pet food joining the ranks of premium product launches, the premiumization trend has found even more ways to deliver accessible, innovative delights to consumers. In addition, recent COVID-19 restrictions brought many people together, united in staying apart. As the world recovers from the pandemic, we predict that enjoying the good parts of life through premiumization will be an even greater focus in the coming years. With “treat yourself” and self-care mentalities growing in popularity —and the consumer perception of “high quality” as “more healthy,” let’s take a look at the ways premium may affect your brand.

Premiumization at a Glance



Multifaceted and varied in form and flavor, premium products must be justified by their ingredients or processing, benefits, and taste. Whether it's a limited-time flavor or new texture or sensation, premium products must ultimately deliver on uniqueness. Treating yourself with unique premium products became even more important during the 2020 pandemic when we saw more consumers talk about me-time as essential to their well-being. That unique element may be a bar of single-sourced chocolate, hybrid produce, organic puréed baby food, or probiotic protein shake.

TOP CATEGORIES WITH PREMIUM CLAIM

Global new product launches, March 2017 - March 2020

- Chocolate +76%
- Bakery +28%
- Processed Fish, Meat & Egg Products ... +200%
- Hot Beverages..... +16%

PRODUCTS OF NOTE:



CHOCOLOVE PASSION FRUIT FILLED RUBY CACAO BAR, is made from ruby cacao beans and features berry notes which are said to be artfully balanced with the tropical sweet tart flavor of passion fruit. Described as a premium and truly unique tasting experience, the naturally present color tone and berry fruity flavor of ruby are claimed to be unlocked by meticulous selection and expert crafting of ruby cacao beans.

CONSUMER RESPONSE: 41% of consumers responded that they likely or definitely would buy this product.



WILLIAMS SONOMA INSTANT POT CHOCOLATE FUDGE CAKE, is described as a decadent chocolate cake with a rich, fudgy flavor. Made with premium bittersweet chocolate and cocoa, the cake can be pressure-cooked in 25 minutes.



AUFSCHNITT PREMIUM PRODUCTS SPICY CHOCOLATE BEEF BAR, features the taste of lean beef carefully blended with cayenne pepper, dark chocolate chunks, and chia seeds for a power snack with a kick. The USDA inspected, all-natural, premium product is kosher certified and free from gluten, artificial ingredients and nitrites.



NUMI DRINKING CHOCOLATES, will launch in the US in July 2020 and feature organic ingredients like cacao, vanilla bean, cayenne, chaga mushroom powder and cinnamon for an indulgent-yet-functional premium drink. *Image Source: PreparedFoods.com*

Source: Mintel

Top Flavors in Food & Drink

NEW PRODUCT LAUNCHES, MARCH 2017-MARCH 2020

FASTEST GROWING FLAVORS - NORTH AMERICA

- Turmeric/Curcuma..... +400%
- Apricot +300%
- Soy Sauce/Shoyu..... +200%
- Ginger +200%
- Banana +200%
- Pumpkin/Squash..... +166%

FASTEST GROWING FLAVORS - GLOBAL

- Mediterranean +1100%
- Honeycomb..... +700%
- Dill..... +500%
- Salami..... +500%
- Horseradish..... +400%
- Gin & Tonic/
Gin and Tonic/G&T +400%

TOP 10 FLAVORS - NORTH AMERICA

1. Chocolate
2. Vanilla/Vanilla
Bourbon/ Vanilla
Madagascar
3. Smoke
4. Strawberry
5. Salt (Sea)/Fleur de Sel
6. Roasted/Toasted
7. Beef
8. Lemon
9. Three/Four/Mixed
Cheeses
10. Caramel/Caramelized

TOP 10 FLAVORS - GLOBAL

1. Chocolate
2. Smoke
3. Strawberry
4. Vanilla/Vanilla
Bourbon/ Vanilla
Madagascar
5. Orange
6. Salt/Salted
7. Mango
8. Date
9. Roasted
10. Hazelnut

Consumer Insights

What They Think

The top two characteristics of premium products according to consumers are **exceptional quality (54%)** and **superior performance (46%)**. Gen Z and younger Millennials are more likely to cite superior design and customer service as premium features as well. The health and wellness movement has also influenced premium purchasing, with 66% of consumers making a premium purchase to switch to a healthier product and 52% of consumers claiming that purchasing a premium product makes them feel good.

Looking ahead, brands should begin preparing for the rise of Gen-Z by leveraging personalization as premium, as this generation is willing to pay more for products that highlight their unique individuality.

What They Say

Social media posts containing “premium” have gone up 89% over the past two years, with a 95% positive consumer sentiment. The most common age range posting about premium is 25-35, and is evenly split between female (49%) and male (51%) consumers.

What They Feel

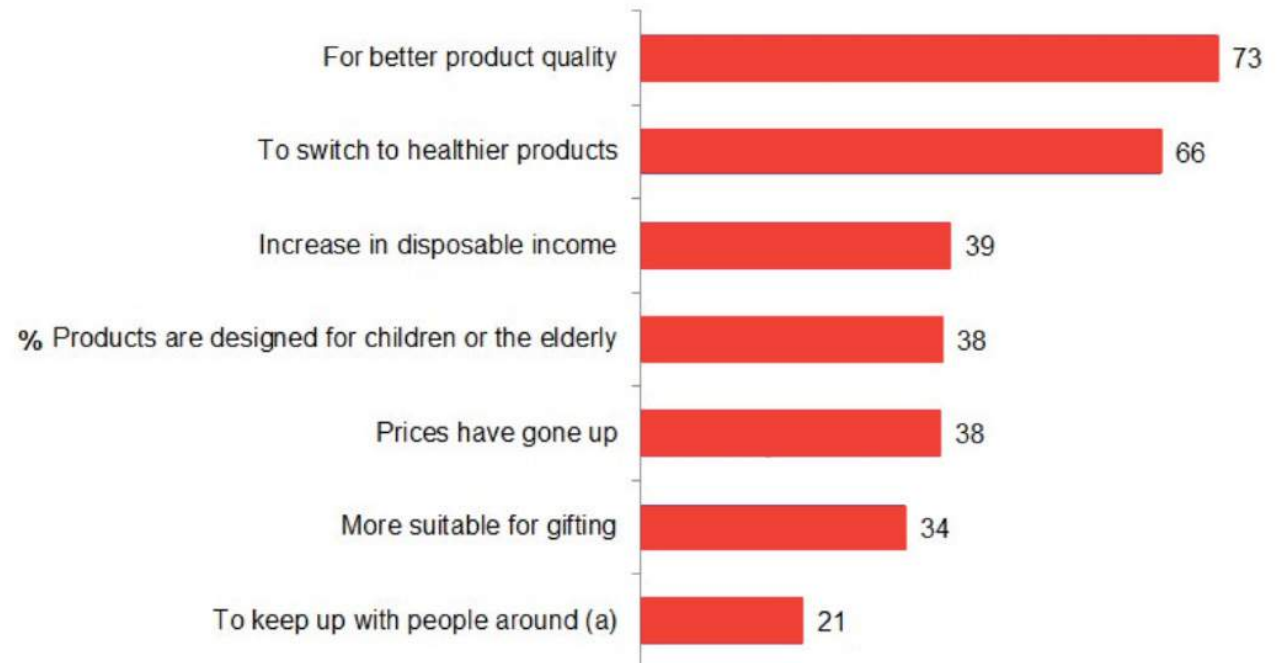
Millennials are currently the largest buying group of premium products, and younger consumers overall make premium purchases based on emotional reasons far more often than Baby Boomers. This emotion-based buying could be linked to the self-care trend we’ve seen over

the past few years—a self-care indulgence makes higher prices more acceptable as they align naturally with the “treat yourself” state of mind.



“Why did you buy premium-priced food and drink products in the last 6 months? (Multicode)”

Base: 2,892 internet users aged 20-49



Private Label Goes Premium



With the cultural shift to self-care and “treat yourself” mentality, private label brands are creating accessible, affordable premium products and venturing into specialty categories like almond milk, seafood, nut butters and ice cream. Last year, **U.S. private label brands amassed over \$143 billion sales**, a figure up \$14 billion from 2015; and the market size is estimated to grow by another \$20.4 billion during 2019-2023. Much of this growth will be attributed to premiumization. In fact, 40% of U.S. consumers say they would pay the same or more for the right store branded product, while only 26% feel that name brands are worth the extra price.

BRAND HIGHLIGHTS:



Whole Catch is Whole Food’s private label seafood brand, encompassing everything from fresh to frozen seafood with high-quality claims.

WHOLE CATCH MARYLAND STYLE CRAB CAKES are said to be hand-made with tender and sweet premium wild caught crab mixed with panko breadcrumbs, mayonnaise, green onion, egg, mustard and spices.



Target’s Good & Gather brand has launched numerous products across virtually every food and beverage category, from sparkling water to shredded chicken to probiotic granola.

GOOD & GATHER GRAIN-FREE SALTED DARK CHOCOLATE GRANOLA is made with almonds, organic sunflower seed kernels, cashews, pumpkin seed kernels, coconut, flax seeds and chia seeds.

Pet Food Goes Premium



From heated cat houses to lavish Halloween costumes to puppy cappuccinos, pet owners will go above and beyond to care for their furry companions—and the money they spend proves it. From 2013 to 2018, the average global price of pet food increased 18.5% to nearly \$3.50 per pound. In addition, the \$30 billion U.S. pet food market is expected to grow 2.6% a year on average over the next five years. Like premium food made for humans, **Millennials are the largest consumer group purchasing premium pet food.** These owners are highly aware of the quality and nutritional makeup of the food they buy for their pets, and continually seek new and exciting premium pet products as they become more financially stable.



Pet owners are driving the humanization and premiumization trends as they look for the same quality meals to feed their pets as they want for themselves.

-John Haugen, 301 inc.

PRODUCT HIGHLIGHTS:



PET PLATE meals are kettle-cooked in a USDA facility, flash-frozen to lock in freshness, and delivered to consumers as a personalized dog food subscription service. The meals are free of rendered meats, by-products, artificial preservatives and additive sand are made with human-grade meats, fruits and vegetables.

Image Source: Petplate.com



RACHAEL RAY NUTRISH INNER HEALTH TURKEY WITH CHICKPEAS & SALMON SUPER PREMIUM CAT FOOD is said to be made with a simple, wholesome recipe specially formulated to help support healthy tummies with turkey as the no. 1 ingredient, combined with a unique superfood blend and guaranteed live probiotics.



WHOLE PAWS GRAIN-FREE CHICKEN RECIPE WITH PEAS & SWEET POTATO IN GRAVY PREMIUM DOG FOOD is made with imported and domestic ingredients, including real chicken as the first ingredient. The dog food is also free from corn, soy and wheat.

THE TAKEAWAYS

As Millennials and Gen-Z continue to grow in purchasing power, opportunities to innovate premium products highlighting personalization and unique flavor and texture profiles abound. We're seeing the COVID-19 pandemic also led to consumers seeking comfort and savoring enjoyment where they can. In fact, human food isn't the only area for innovation; pet owners will purchase premium for their furry friends too. But when launching premium food and drink, human or pet friendly, the most important characteristics are quality and performance. Premiumization is constantly developing—from big brands and small, from chocolate bars to dog treats—and one thing we know is that this trend isn't going away.

You Deserve More. Let's Get Started.

What does true partnership look like? You deserve a flavor partner ready to turn these trends into the tangible.

Let FONA's market insight and research experts get to work for you. Translate these trends into bold new ideas for your brand. Increase market share and get to your "what's next." Our technical flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. Let's mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

From concept to manufacturing, we're here for you — every step of the way. Contact our sales service department at **630.578.8600** to request a flavor sample or **chat us up at www.fona.com/contact-fona/**

SOURCES

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