

@Home

SUMMER 2008



CRT/tanaka

Welcome to the summer 2008 edition of @Home, CRT/tanaka's consumer trend report. @Home is a direct result of our agency's "whatcanbe" brand essence and approach to business, which involves envisioning a bigger, brighter, better future as the important first step towards manifesting (or realizing) that future. To create @Home, we've partnered with Iconoculture, a leading consumer expert known for blending consumer research with client-focused Advisory Services to encourage growth and innovation. So whether you are a company looking to grow your brands and your business, a media member or established industry leader @Home can help you can discover your own "whatcanbe."

Our spring edition of @Home explored the topic of "Healthy Home." We found that a "Healthy Home" is no longer just about maintaining a clean home. For many of us, a "Healthy Home" is a place where we can live in peace and security. It's about safety, accessibility, and eco-friendliness. Our summer issue of @Home focuses on "Healthy Food & Beverages" — the fastest growing segment of the market — and how to effectively market these "better for you" products to Millennials.

A Millennial Minute

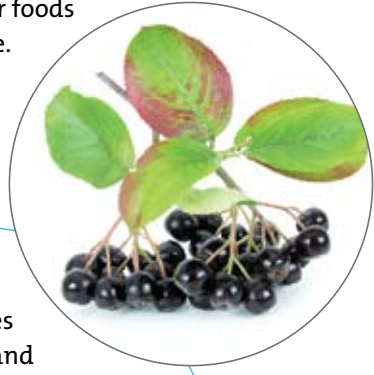
Born from 1978 to 1995, Millennials are 13-30 today. They range from tweens and teens, to college-aged kids, new careerists and young parents. They have some \$1 trillion dollars at their disposal and they expect to be seen, heard and yes, accommodated. "Entitlement" has a new definition and it looks something like this:

**Good for Me + Good for Mine (friends, family)
+ Good for Ours (community, planet, future) = Entitlement**

Iconoculture observes that this is "all part of their pleasure-with-a-purpose stance on life." And, they are styling that life with products that uniquely fit their life-style. This is a generation that operates on all cylinders and expects everything *à la carte*. They want to mix and match and pick and choose. Millennials are mash-ups of their own making. They are multi-tasking and multi-living consumers. And they are a key driver of the engine fueling the boom in "life-enhancing" food and beverage products. To whet your appetite, here are three key ingredients fueling Millennials' interest in healthy foods & beverages.

Three Key Ingredients of Healthy Food & Beverages

1 Functional Foods on the Fast Track: With 62% of Americans believing that functional foods and beverages can have a positive affect on their health — up from 17% in 2003 — the quest is on for foods that taste delicious but multi-task at the same time. These new culinary offerings go beyond the basic nutritional function of supplying nutrients, into the realm of promoting health and/or preventing disease. They are growing in popularity because they understand that the “softer side of wellness” is being elbowed out by science and medicine to answer our health issues. **The National Marketing Institute (NMI)**, citing a plethora of scientific studies and media coverage, recently identified probiotics and **omega-3 fatty acids** as dominating America’s functional food scene. With growing discussion that **antioxidants can fight cancer**, it is no wonder that functional foods are on the rise. Millennials, it seems, were listening. Hard-wired to multi-task, Millennials expect their foods and beverages to do the same. Functional foods, for Millennials, are evidence of lifestyle change and just part of their overall strategy to get this “all good, all the time” feeling. They are catalyzed by the government, the media, and consumer-to-consumer influences.



whatcanbe: Superfruits are a huge *whatcanbe* as many marketers search for the next, great ingredient. Looking to neutralize free radicals in a single serving? Consider the new **superfruit Aronia**, which is thought to have the highest antioxidant value of all red and black berries. Its popularity has already skyrocketed in Europe where it is added to yogurts, fruit drinks and cakes. Or try **Lulo**, from South America. It tastes like lemon-y pineapple and contains phosphorous, calcium, iron and more. There’s also **Acerola**, a cherry-red fruit from the West Indies.

It is bursting with vitamin C. Or **Camu Camu** (it’s even fun to say) which is a Peruvian fruit with 30 to 60 times more vitamin C than the average orange.

Market Possibilities: Millennials are interested in anything exotic and superfruits fit this bill. They are viewed as holistic and natural. Using superfruit ingredients can give any product a boost and a heavy dose of taste and nutrition as well.

2 The Evolution of Energy: What consumers expect from their products evolves, and how we position them needs to as well. Energy drinks are a great example. Back in the ice age, or certainly before iced latte graced every corner, there was cola, coffee and tea to perk us up. Then energy drinks emerged — supercharged and promising to give us energy while keeping us alert and awake. They did this by delivering mega shocks of caffeine. Fast forward to 2008 and refocus what energy, itself, can mean to Millennials: **vitality, wellness, increased metabolism, immunity, mental energy** and even **confidence building**. Products that tout “sustained energy” through “natural” means dominate the new product development as caffeine becomes more of a villain. And it’s a big market. U.S. sales of energy drinks are expected to jump more than 70%. And yet hardcore energy, our old friend caffeine, hasn’t gone totally out of style. It has just moved closer to a healthy positioning.



whatcanbe: The new “**energy super heroes**” tout a science of immunity with ingredients such as zinc, selenium, sulfur and silver. They can be positioned as metabolism boosters along with vitamins B6 and B12. Products like Firefly, Shift, Steaz, Fuelosophy H2Owalla, Vitamin Water and Functional Drinks’ Alternative Energy have already gone down this path.

Market Possibilities: Infusing energy super heroes into everything from powered drinks to old fashioned liquids continues nonstop. With the economy in a downward slump, powered drinks, in particular, may be on an upswing. The next generation of powered drinks should aim to quench consumer thirst for all things healthy, without sacrificing taste.

3 The Local/Sustainability Halo: In late 2007, the **New Oxford American Word Dictionary** crowned “**locavore**” as its word of the year. Invented by a group of four women in San Francisco who proposed that local residents should try to eat only food grown or produced within a 100-mile radius, locavore has spawned regional movements and, increasingly, it epitomizes a “back to basics” approach to food and a quest for eco-friendly practices. Locally grown food is perceived as less toxic to the body and a win-win for everyone: ultra-fresh products for consumers, monetary support for local providers, an increased awareness of how community can work together and support one another and — let’s not forget our carbon footprint — locally grown implies less transportation (and therefore less environmental damage) to our Earth. And while the jury is still out on whether or not locally-grown and organic food/beverages are truly healthier, eco-conscious Millennials are a driving force in these products growth.

whatcanbe: Locally grown ingredients have become a symbol for an understanding of the challenges facing our planet. Millennials are some of the biggest proponents of conscious consumption. Watch them to be even more vocal about their food and beverage sources.

Market Opportunities: “Think Globally, Act Locally” — the phrase coined by David Brower back in 1969 for Friends of the Earth — has never been more relevant. It’s an approach that broadly appeals to Millennials and can work in many sectors. On college campuses, students are lobbying for local, seasonal, humane and fair-trade fare. Hence food service companies are taking a “marketplace” approach to campus dining, putting ingredients and prep out in the open and announcing sources where possible. Food and beverage establishments looking to take sustainability to the next level are differentiating themselves with another emerging trend: the adoption of alternative energy. The big three — solar, biodiesel and wind — are showing up in a wide range of places. In NYC, the electricity for Birdbath, a sustainable bakery, is generated by wind power and the delivery men will soon be driving biodiesel cars. Small restaurants like Ben’s Chili Bowl and its neighbors in the Howard University area of Washington DC are banning together to purchase wind power credits (*New York Times*, 8.15.07).



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Ellen LaNicca Albanese
Executive Vice President
CRT/tanaka

320 West 13th Street, 7th Floor
New York, New York 10014
P: 212.229.0500
F: 212.229.0523
elanicca@crt-tanaka.com
www.crt-tanaka.com

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This question is driven by the joyful and imaginative spirit at work in the collective minds and souls at CRT/tanaka. Every day, it moves us to seek endless possibilities for our colleagues, our clients and our community. Inspired by Goodness and Genius, we strive for Greatness in all that we do. That is our **whatcanbe**. Why not spend some time with us to explore your **whatcanbe**?