



# The 2021 State and Future of U.S. Natural & Organic: What Brands Need to Know

Spark Brand Success, March 2, 2021

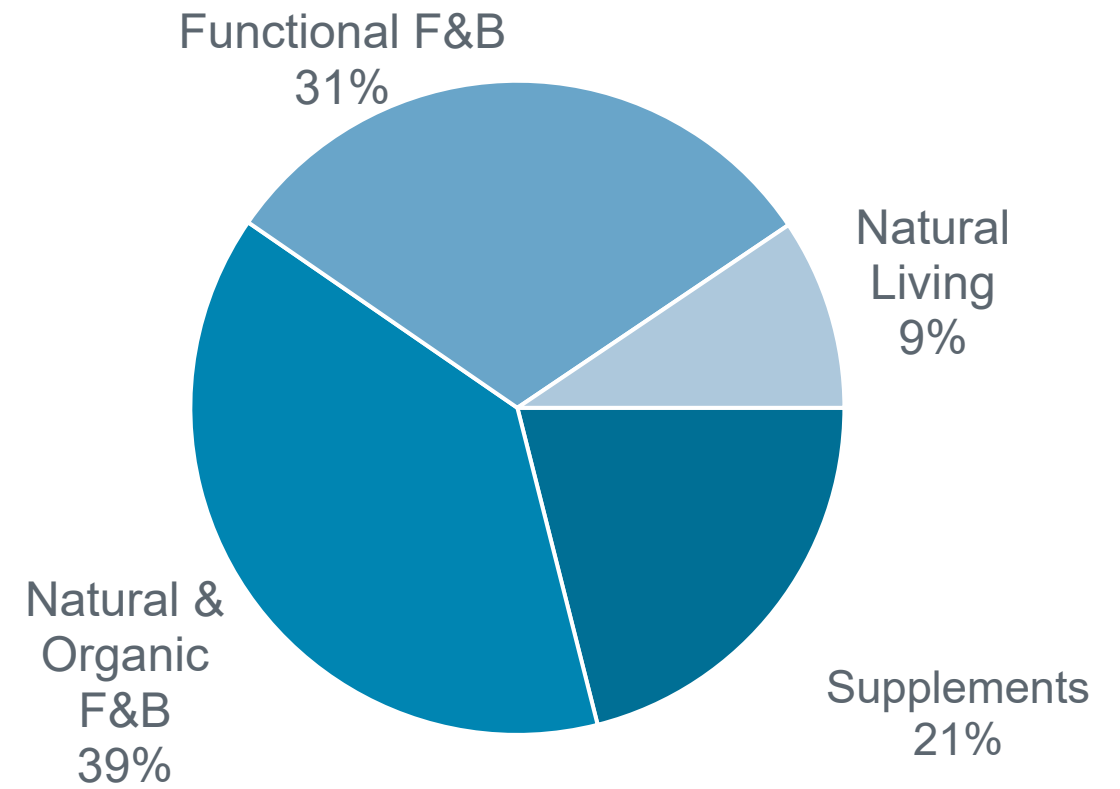
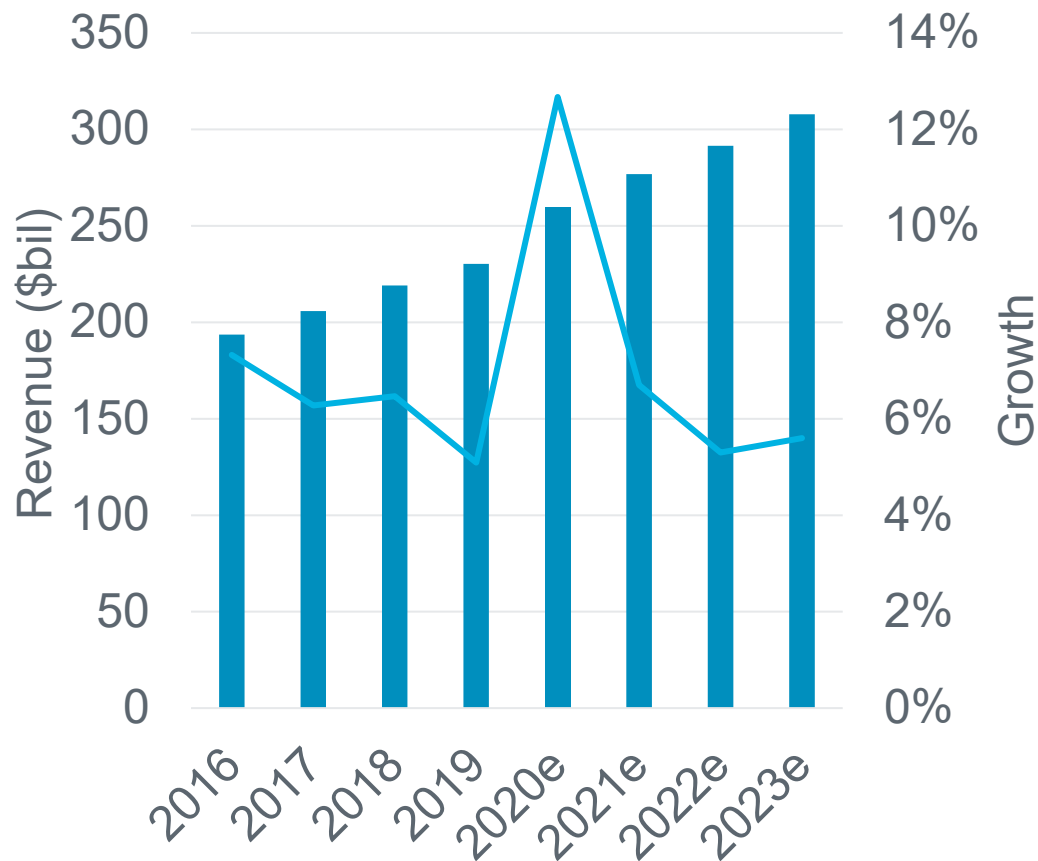
**2020 was a challenging  
year, but natural & organic  
brands face a bright future**



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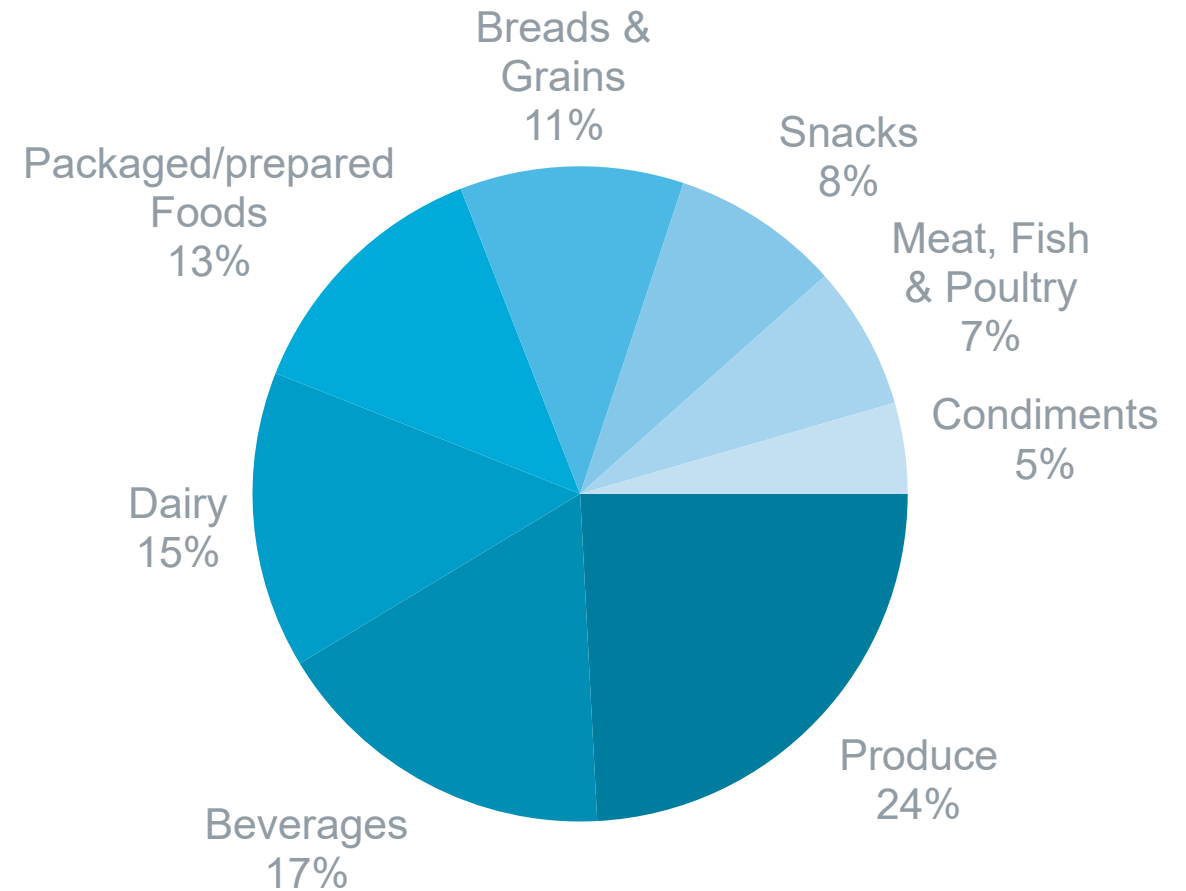
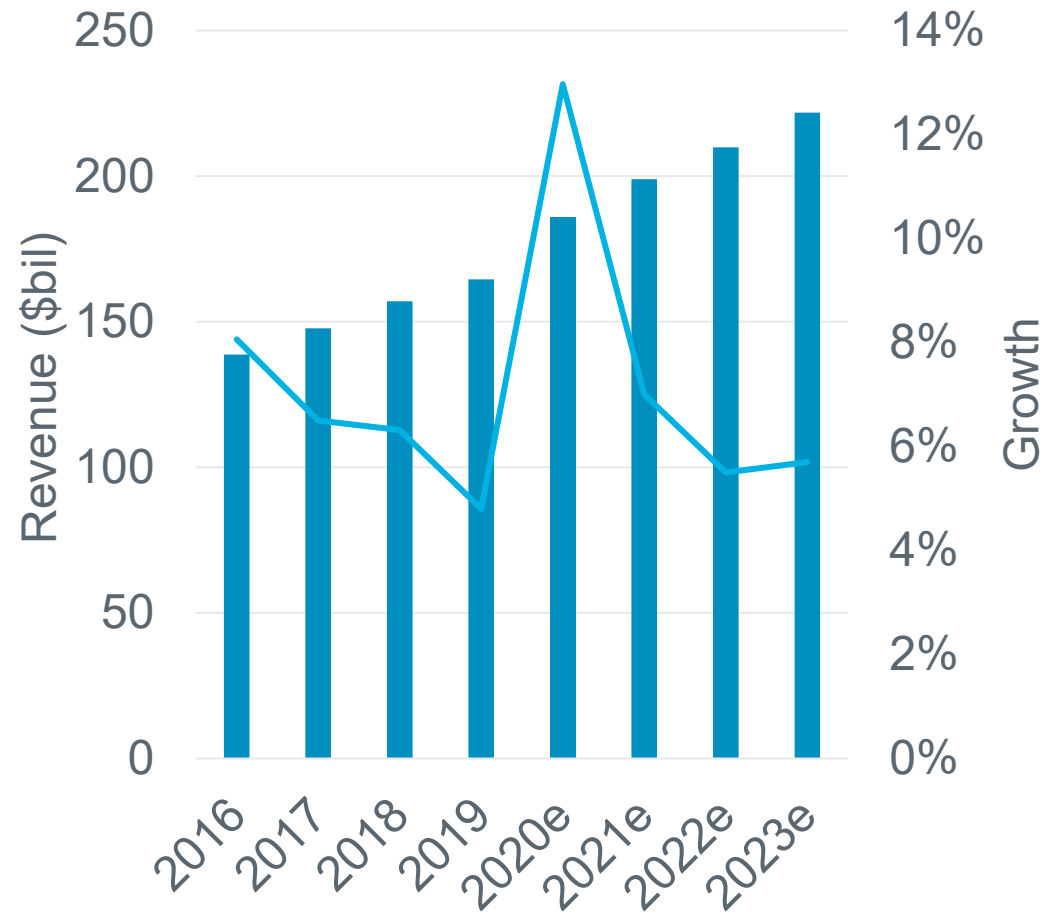
# In record year, 2020 industry sales hit \$259B

U.S. natural & organic products industry sales grew est. **12.7%** to \$259B in 2020; total industry sales are on track to surpass \$300B by 2023



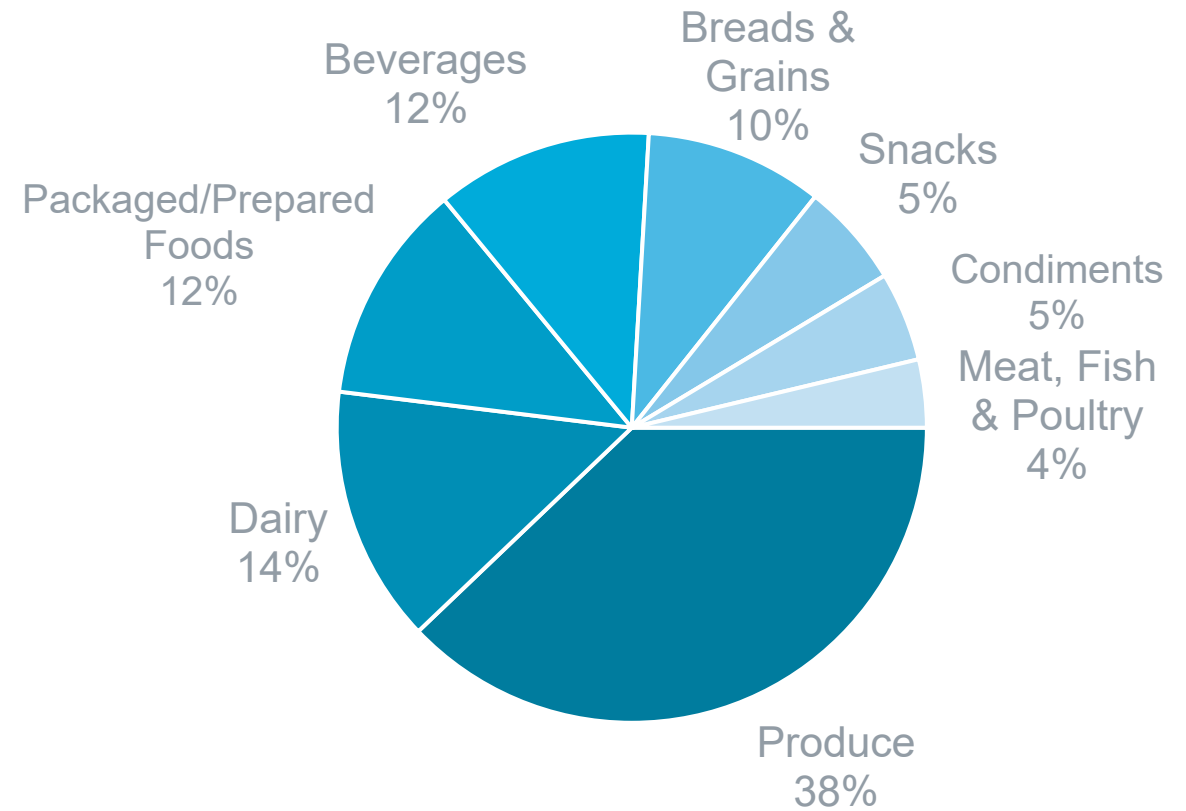
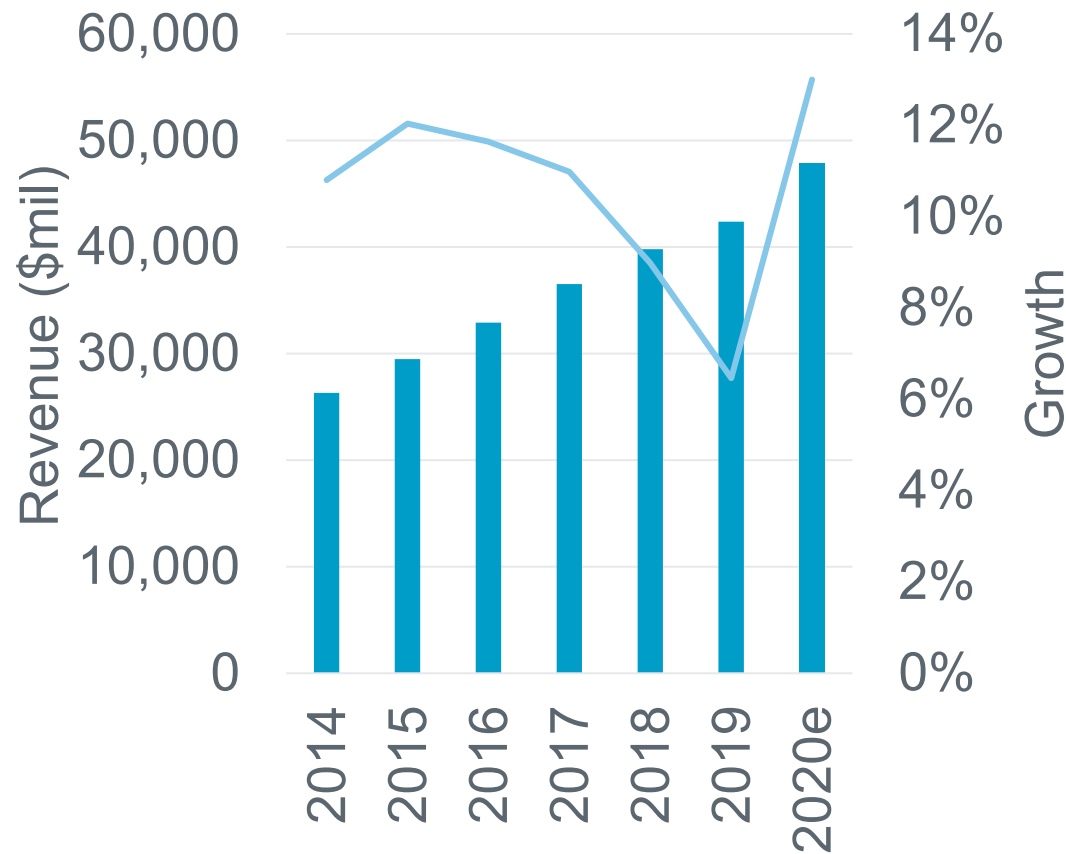
# Food & beverage drove 70% of industry sales

Natural, organic and functional F&B grew est. 13% to \$186B in 2020



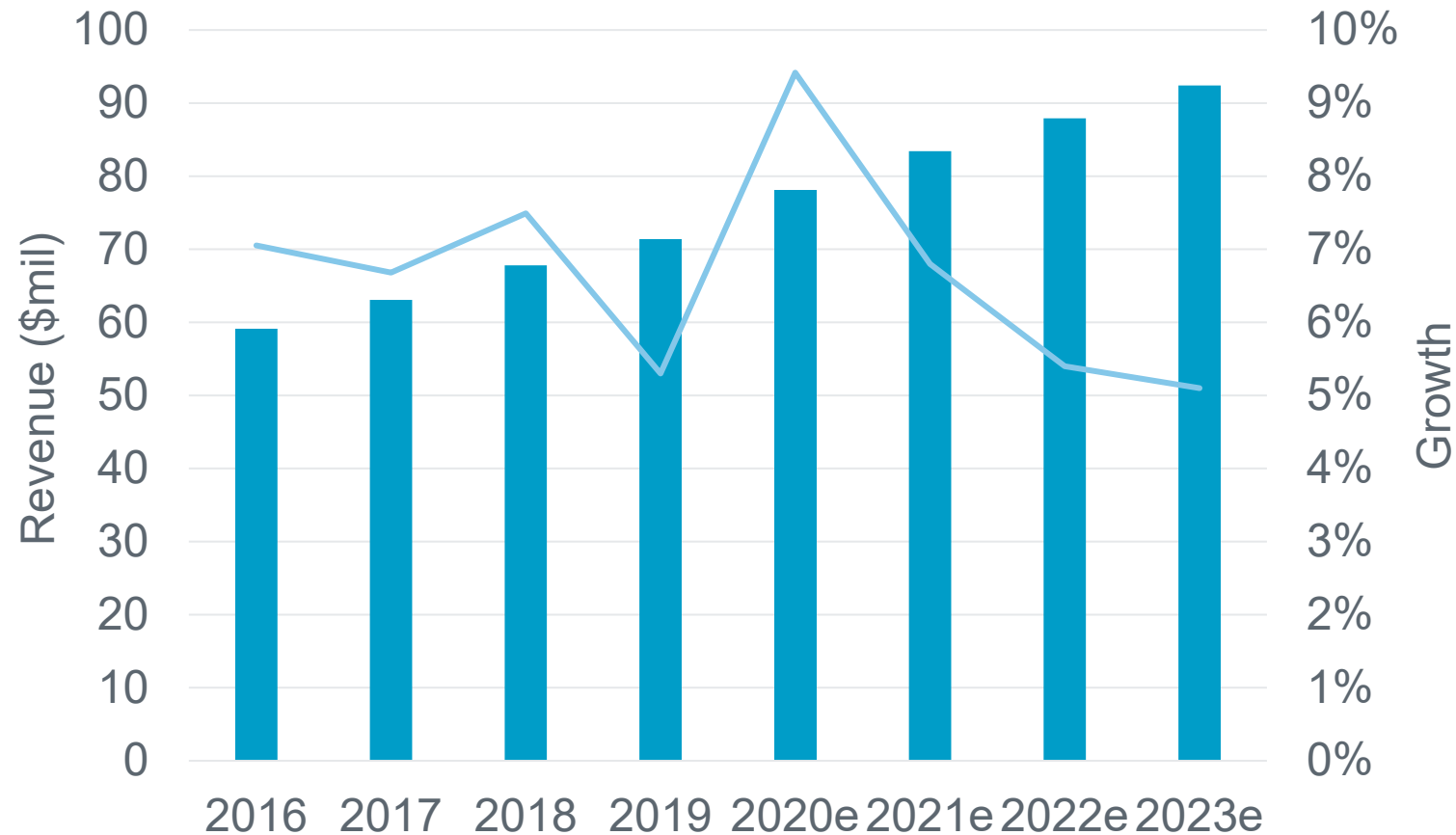
# Organic grows in midst of unsettled economy

U.S. organic food & beverage sales grew est. 13% to \$47.9B in 2020



# Consumers continue to seek functionality in F&B

Functional food & beverage sales grew est. 9.4% to \$78B in 2020



Top growth categories

Shelf-Stable

Frozen

Snacks

Hot functional ingredients:

Collagen

Mushrooms

Adaptogens

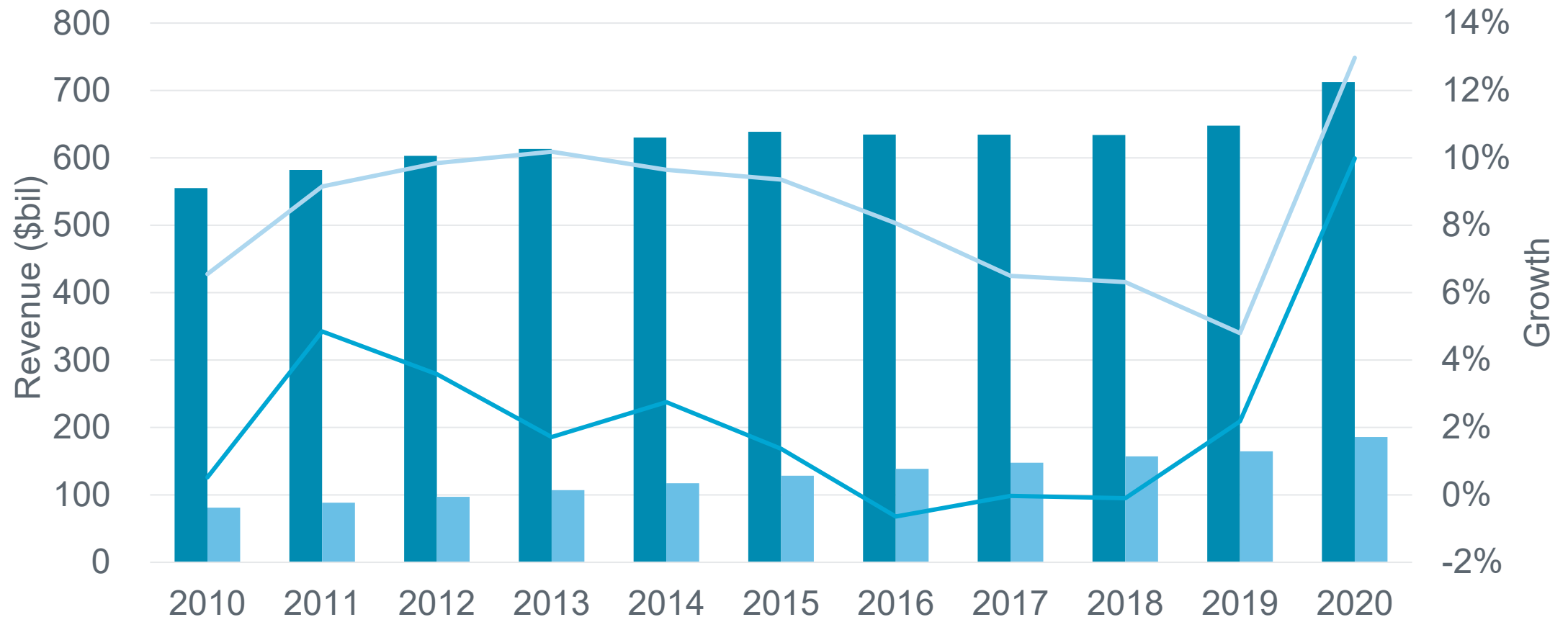
Nootropics

Healthy Fats



# COVID fuels surge in all food & beverage sales

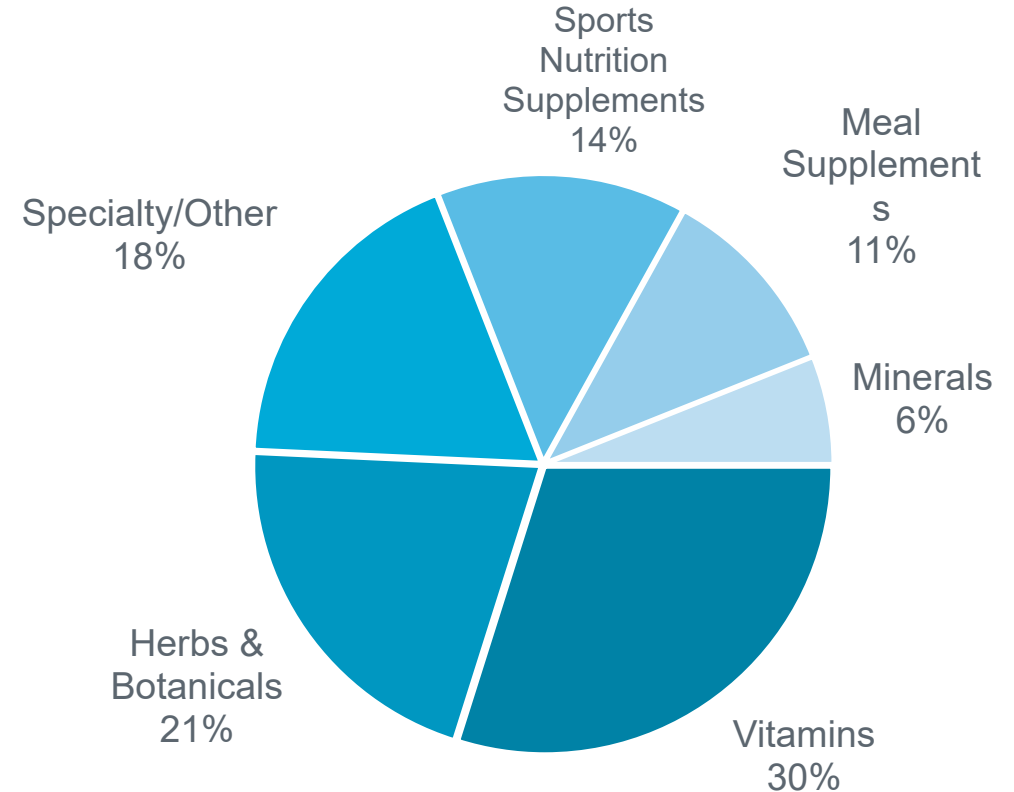
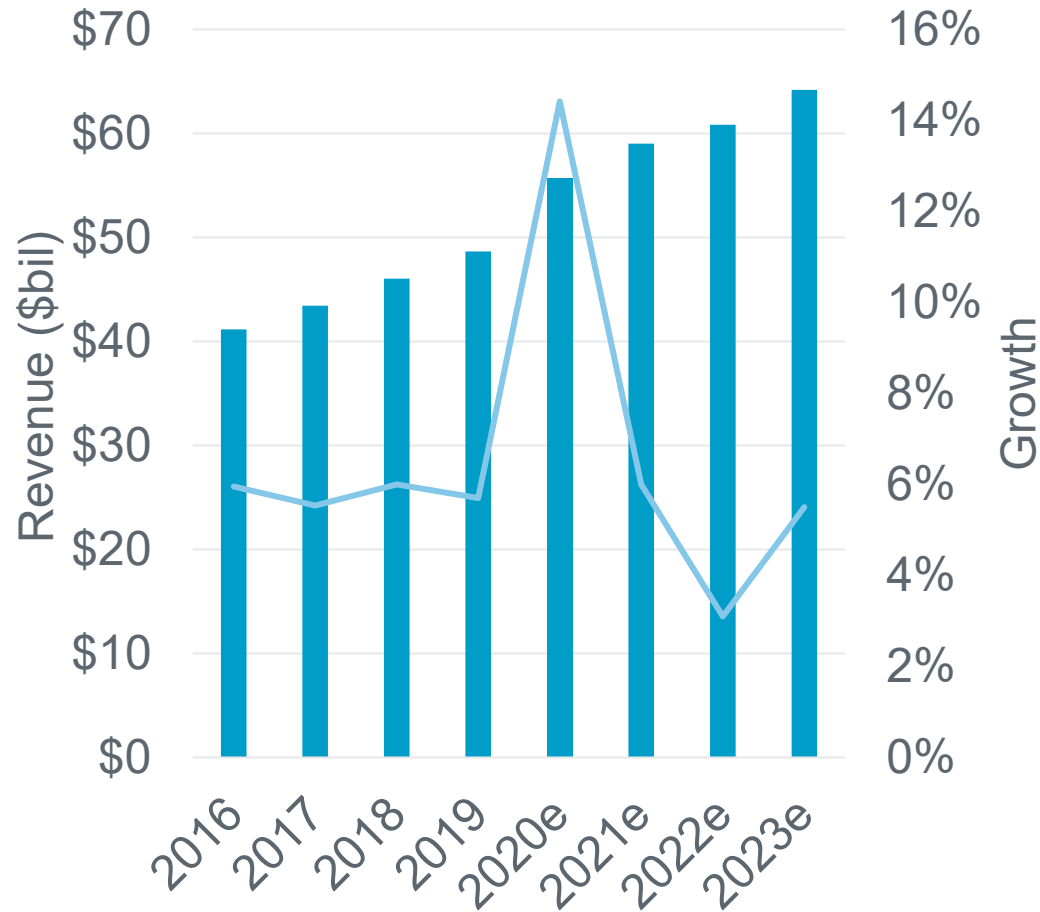
Natural, organic & functional F&B grew est. 13% while conventional expanded 8.6%; both markets driven by COVID-19 and quarantine trends



Source: *Nutrition Business Journal* (\$mil, consumer sales), powered by SPINS

# Supplement sales jumped 14% to \$56B in 2020

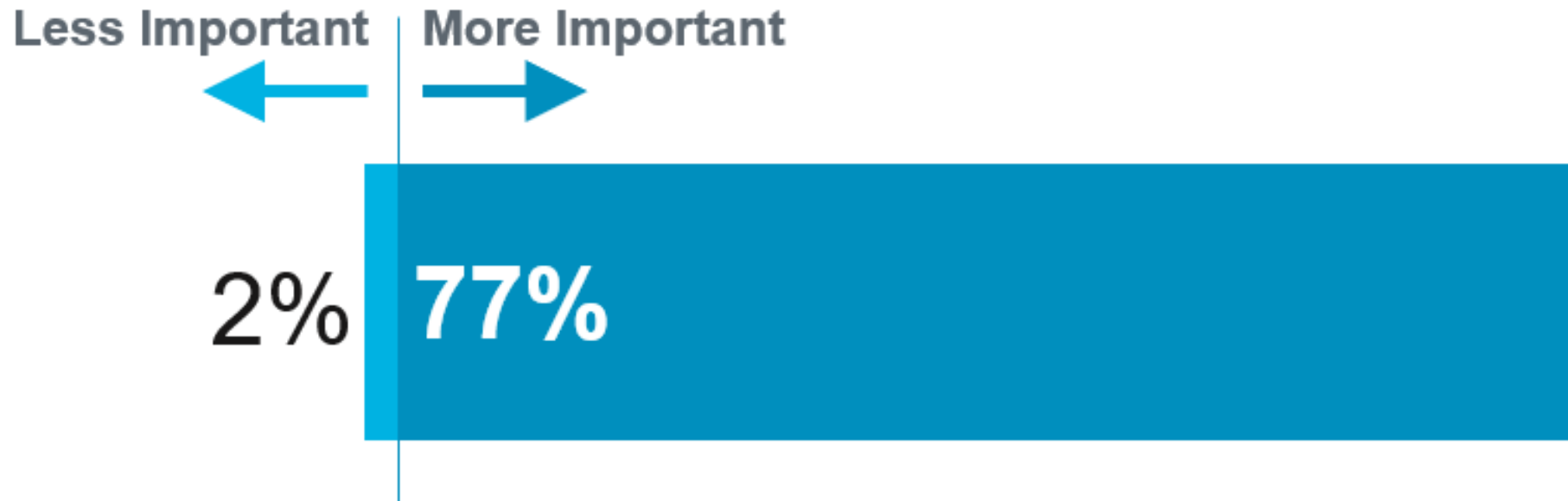
As consumers prioritize health & wellness and seek immune health, supplement sales were \$3B greater in 2020 compared to pre-COVID estimates





# COVID is making personal health more important to consumers

Q: Would you say personal health is more or less important to you today than it was in 2019?



Source: New Hope Network NEXT Data and Insights survey of n~1,000 collected week of April 13, 2020, using a convenience sample directionally representative of U.S. consumers ages 18-65, weighted by age, gender, and region.

# People also embraced less healthy habits in 2020

While the quest for products that support health & wellness drove strong sales growth for natural & organic in 2020, we also saw consumers turn to alcohol and food to cope with the stresses of COVID and quarantine. **How can brands help people return to healthier habits?**

Binge drinking up

**41%**

among women since  
start of pandemic

Source: RAND Corp. and National Institute of Alcohol Abuse and Alcoholism survey of more than 1,500 U.S. adults, conducted late May and early June 2020

Research also shows  
people are:

- Eating more junk food
- Exercising less
- Feeling more anxious
- Sleeping less

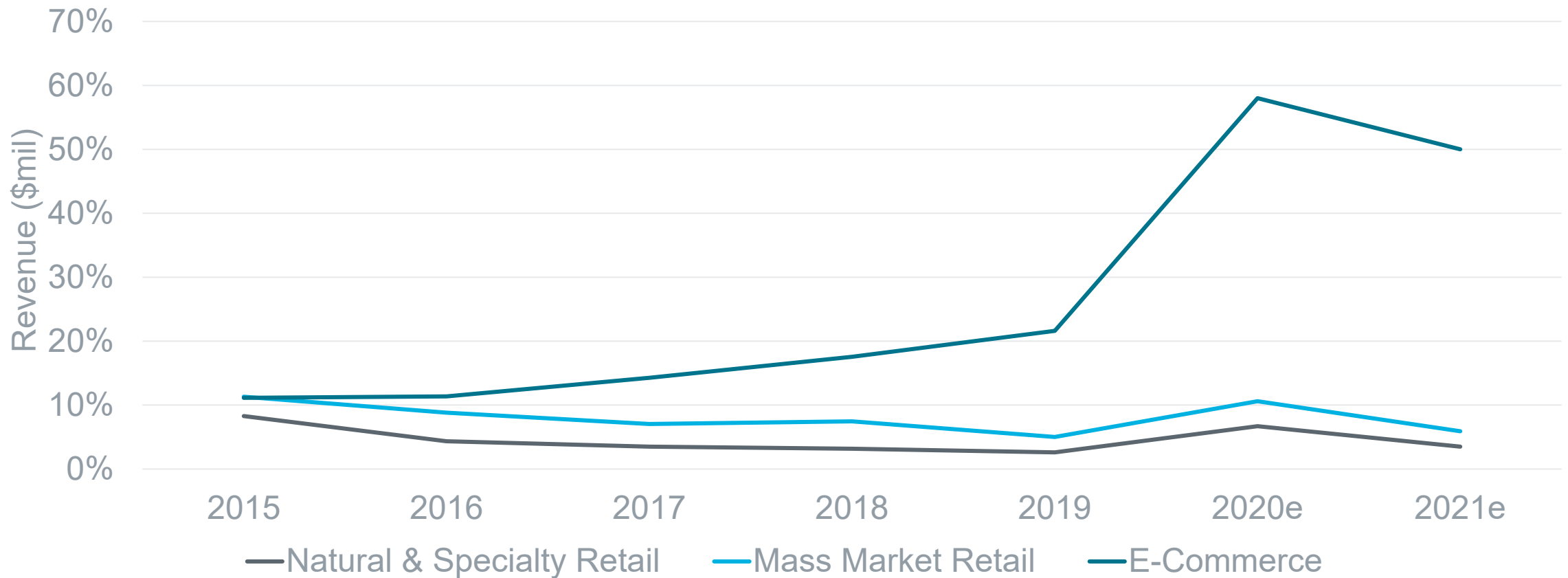
Source: "Yes, Many of Us Are Stress-Eating and Gaining Weight in the Pandemic," The New York Times, Dec. 4, 2020



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# COVID accelerating e-commerce sales growth

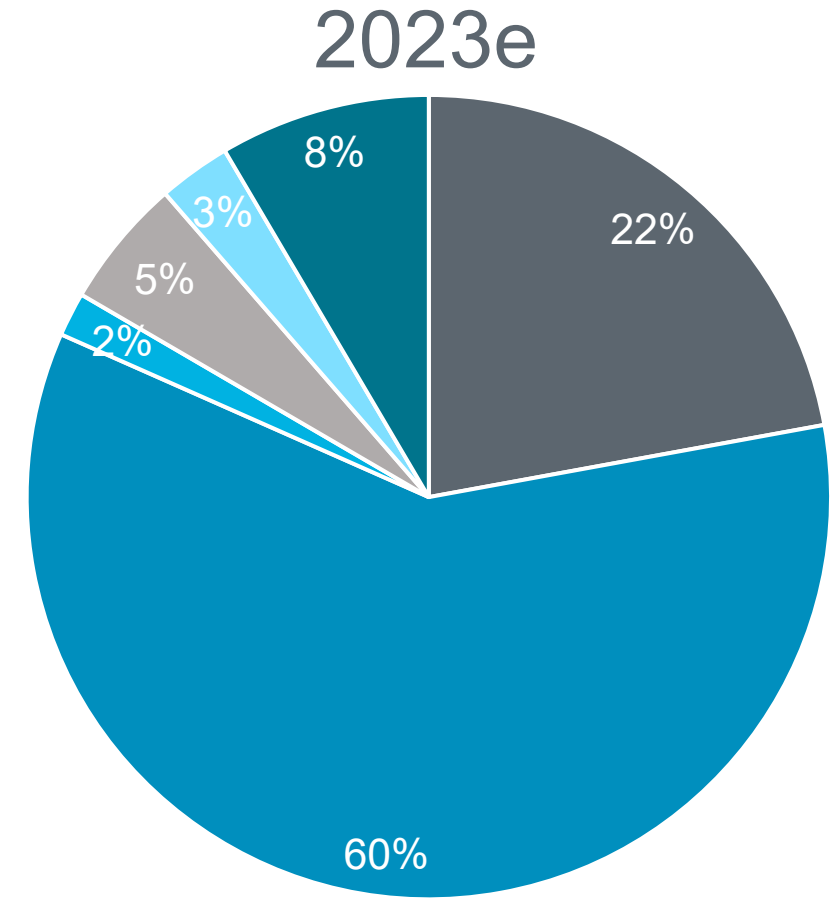
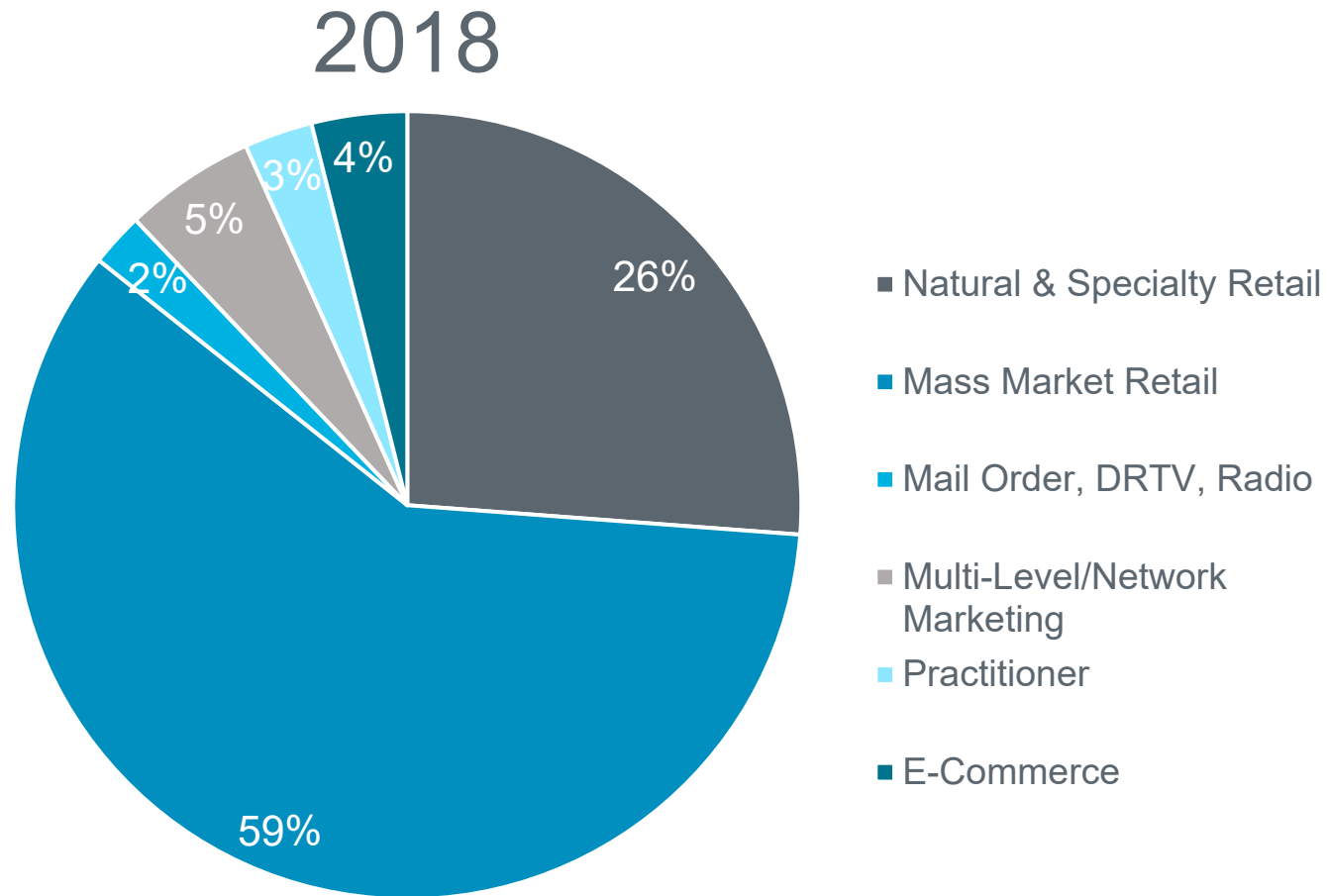
Total natural & organic e-commerce sales growth nears 60% in 2020, as consumers gravitate to online for safety and convenience and permanently shift behaviors in some cases



Source: *Nutrition Business Journal* (\$mil, consumer sales), powered by SPINS

# Don't count out brick-and-mortar retail

While total natural & organic e-commerce sales are set to double between 2018 and 2023, retail—especially mass market retail—will continue to fuel majority of natural & organic sales



Source: *Nutrition Business Journal* (\$mil, consumer sales), powered by SPINS