Avocado: the next big growth ingredient

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Foreword

As a fast-growing, innovative producer of avocado powder, we are delighted to sponsor this report by international food & health trend experts New Nutrition Business. It spells out how powerfully avocado is connected to the most important growth trends in the food & beverage industry, and how the use of avocado ingredients in a wide range of innovative new products is taking off.

The report shows how, thanks to creative new product development and advancing science about the nutritional benefits of avocado, avocado is set to be the next almond – a must-have health ingredient that delivers pleasure and nutrition to consumers in multiple categories.

We hope that it helps stimulate your thinking about how your brands can benefit from avocado.

If you'd like to discuss how OVĀVO can help you bring your ideas to life, please contact us at the address below.

Regards

Andrew Vivian General Manager OVĀVO

P: +64 21 0262 7472 E: hello@ovavo.nz

1953 Far North Road, Waiharara, Northland New Zealand

Avocado – the well-connected fruit

Fresh avocados have been a hit with consumers all over the world. Now avocado's huge potential as an ingredient in foods and beverages is about to be realized.



Avocados connect to many of the most important trends driving growth in food and drink – trends that will act as rocket fuel for avocado's future as an ingredient. The most successful ingredients and brands are those which connect to multiple trends, and avocado stands out as one of the best-connected foods. It ranks alongside blueberries and almonds as a credible natural source of the health benefits that today's consumers are looking for.

What do we know about food trends?

Quite a lot, actually! Every year we at New Nutrition Business forecast the strongest long-term growth trends in food, nutrition and health – helping hundreds of companies all over the world to figure out what's worth tying their strategy and product development to.

"Our industry is bombarded with trend predictions that are often focused on fads and fashions. What makes our predictions so reliable is that they're written by people with both industry experience and scientific knowledge."

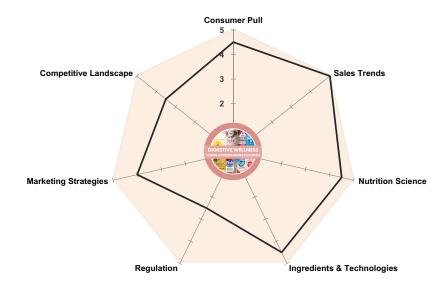
- Julian Mellentin, director, New Nutrition Business

Although our industry is bombarded with trend predictions, too often they're focused on fads and fashions. What makes our predictions so reliable is that they're written by people with both industry experience and scientific knowledge.

We base our forecasts on both

Who are we?

- Founded in 1995, New Nutrition Business is the world's number 1 provider of strategic and market insights into the business of food, nutrition and health.
- From global giants to start-ups, our clients include the world's most innovative food, beverage and ingredients companies.
- We interview more than 500 senior executives, worldwide, in foods, beverages and ingredients every year, giving us an informed, first-hand, view of what works, what doesn't work – and why.
- Find out more at <u>www.new-</u> <u>nutrition.com</u>



quantitative and qualitative data – the most important – and we explore why they're important and where they are heading.

Every year, we choose our **10 Key Trends** by asking the most important questions that all companies face:

 Will this trend endure? Will it have a strong (or small but growing) influence on our industry for at least five years – because no-one can afford to connect their NPD efforts to a fad that might be gone two years from now.

• Will this trend produce opportunities for profitable growth?

We also choose the **Mega Trends**. While the Key Trends can vary over time and companies can choose whether or not to connect to them, the Mega Trends are the big over-arching trends that matter in every category, in every market, and which must be taken into account in every strategy.



With offices around the world, we bring a global perspective.



NATURALLY FUNCTIONAL

MEGA TREND: NATURALLY FUNCTIONAL (I)

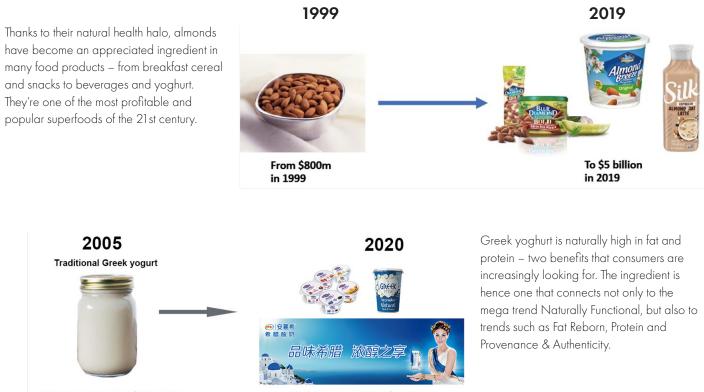
Naturally functional is the king of trends. It influences all other trends and all categories. It has driven the success of almonds, Greek yoghurt, coconut water, olive oil and blueberries.

What consumers want, more than anything else, is for their foods, beverages and ingredients to provide a benefit they perceive as natural and intrinsic to the food.

Consumers love everything from dates (natural sugar and fibre) and chia seeds (protein, fibre and omega 3) to avocado because they perceive these foods as being natural carriers of a nutritional benefit.



NPD teams' ability to give naturally functional foods better taste or convenience, or take them to new markets, has been one of the biggest innovation drivers of the past 20 years.



Global market value: \$200 million

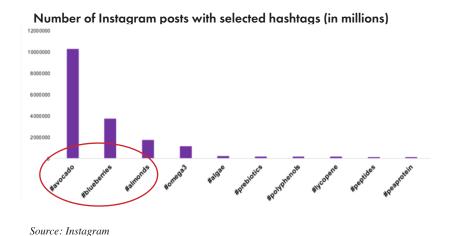
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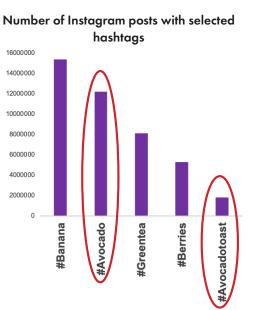
Global market value: \$5-7bn+



Naturally-functional beats science-based on social media

Media and social media love talking about naturally-functional foods – this builds their health halo and consumer awareness, meaning naturally-functional foods don't need to make health claims on the package. Avocado is among the most popular foods on social media platforms, endorsed by health professionals, nutrition experts and lifestyle influencers.





Consumer interest in avocado has sky-rocketed, fueled by its health halo, and by dishes like guacamole and trendy avocado toast. A whole generation has embraced avocado, its health benefits, versatility and great taste.



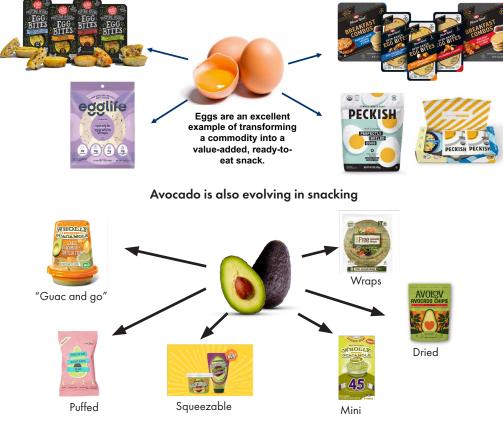


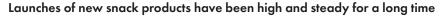
Sources: Musclefood; Very Well Fit; Instagram; Pinterest

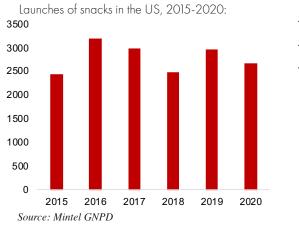


Snacking has been one of the biggest areas of growth. Consumers love to experiment with new products and taste experiences, and a single-serve snack format allows them to try new things at lower cost.

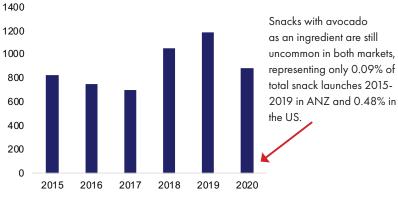
Most categories are launching snack versions of existing products. Even the humble egg is being reinvented into more convenient, on-the-go snack formats.







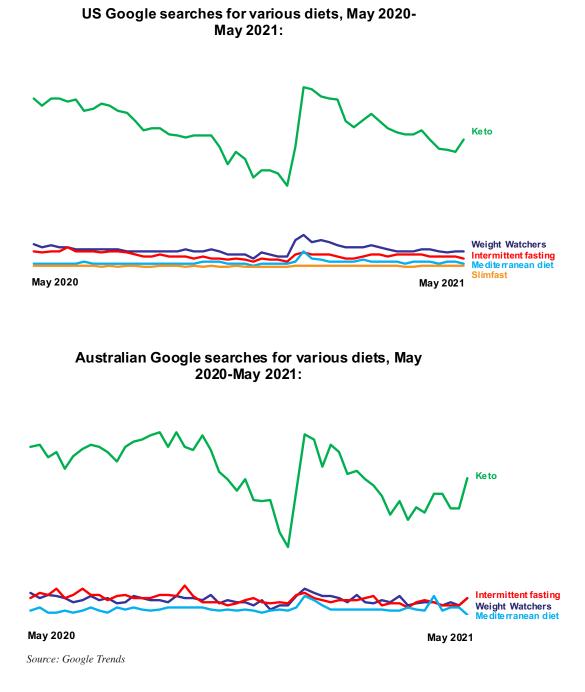
Launches of snacks in ANZ, 2015-2020:





Consumers' desire to lose or maintain weight, to look and feel good, is an underlying, even subliminal, aspect of most people's daily eating decisions.

Weight wellness is the over-arching driver of many consumer food choices and the driver of many trends, from keto diets (more fat) to sugar reduction, from more protein to fewer (and better) carbs, and even plant-based. Avocado is linked with weight wellness in consumers' minds and is a favourite ingredient in trending keto diets.



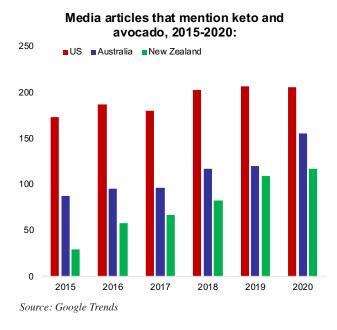


MEGA TREND: WEIGHT WELLNESS (II)

Growing consumer interest in keto and low-carb, high-fat (LCHF) diets means avocado is being used more in products as a source of good fats



Avocado is often connected with keto in social and mainstream media



Multiple trending keto posts on Instagram feature avocado:





A well-thought-out sustainability strategy is a basic 'must-do' for every company in every corner of the food and beverage industry.

The avocado industry is acutely aware of the need to deliver on sustainability. There are significant challenges in some countries such as Mexico.

Less waste, less water

Globally, between 35-50% of the avocados grown are wasted. Much of the waste happens during handling where they are grown, but an estimated 5% of the wastage happens at retail level.

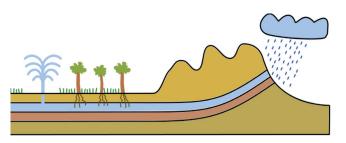
In New Zealand, OVĀVO is upcycling avocados that are too small or not pretty enough for retail sale – about 10% of all avocados – to create avocado powder for the food industry. OVĀVO powder has an ambient shelf life of 12+ months, meaning less waste – and storage & transportation is also more environmentally friendly.

The water used to grow OVĀVO avocados isn't at the expense of anyone – abundant from the sky and supplemented by pristine, self-replenishing water aquifers.





New Zealand's abundant rainfall supplies 75% of the water used by OVĀVO.



An underground aquifer – one of the biggest in New Zealand – supplies the remaining 25% of OVĀVO's water.

KEY TREND: PLANTS MADE CONVENIENT (I)



Delivering plants in more convenient forms makes it easier for consumers to choose them. Creative NPD is increasingly delivering on convenience, helping everyone to eat more fruit and vegetables.

Consumers can now have vegetables in bread, as snacks, as side dishes and mini meals, or even replacing carbs like rice and pasta.

VEGETABLES MADE EASY

The Green Giant brand in the US appeals to consumers' need for interesting yet recognisable products to help ramp up their plant consumption. The frozen line offers plants with total convenience:

riced cauliflower

- spiralised zucchini
- cauliflower gnocchi



The biggest bakery group in the Nordic region, Fazer has been serving up 'plants made convenient' to its customers since 2015.

- Fazer markets breads made with less flour and at least 25% vegetables
- Marketed as a healthier option
- The brand has more doubled shelf-space in supermarkets since 2018 and has been extended to multiple products



KEY TREND: PLANTS MADE CONVENIENT (II)

WHOLLY GUACAMOLE HAS TRANSFORMED AVOCADO FOR BUSY CONSUMERS

Vegetables present a challenge to time-pressed consumers, particularly Millennials, who spend the largest percentage of their food budgets in categories containing ready to eat foods and over-index on convenient forms of plants.

Wholly Avocado has solved the inconvenience factor of avocado with Diced and Smashed Avocado: "Anyone who has a taste for avocados knows they can be just as frustrating as they are delicious. They are not always ready when you want them and can often be too ripe and mushy."





Wholly Avocado products are "always ready when you are so that you can add avocado goodness to just about anything—from salads to sandwiches to protein bowls" – and tackle food waste: "Nearly 70% of avocado users throw away all or part of an avocado because it's unusable".

Avocado powder from OVĀVO brings the health halo of plants to a wide range of food categories, from confectionery to beverages, ice-cream to bakery products.



KEY TREND: FAT FUELS GROWTH(I)



People are gradually losing their fear of fat, and some are embracing it as a positive nutrient that supports weight wellness. Fat is gradually building a better image as fuel for brain and body.

The low-carb trend is driving the rebirth of fat, but it's not just for keto consumers – more and more people accept higher levels of fat for indulgence and for health benefits. More products are appearing in more categories with levels of fat that would have been unthinkably high even five years ago.

Fat is the product developers' friend, improving mouthfeel and taste. The challenge is to use quality fats from natural sources.

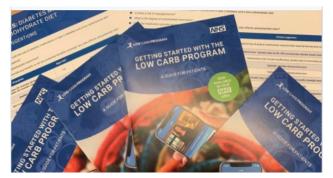
Reversing diabetes – and achieving major weight-loss – with low carb high fat (LCHF) eating patterns is now mainstream science



Dr. David Unwin in the UK has an almost 100% success rate in reversing Type 2 diabetes achieving significant weight loss in the first medical practice to tackle diabetes using a low-carb diet.



Diabetes Canada Deems Low Carb and Very Low Carb Diets Effective Diabetes Canada has just released a new Position Statement regarding the use of both a low carb and very low carb (keto) diet for adults wit...



In 2018, the UK's Royal College of General Practitioners introduced an educational module aimed at the nation's 55,000 family doctors to learn to use low-carb diets with their patients.

KEY TREND: FAT FUELS GROWTH(II)

Awareness of the effectiveness of 'more fat' is reaching mainstream consumers through both social and mainstream media and in the long-term driving greater acceptance of good fats.

Consumers' beliefs about fat are steadily changing and retailers are responding.

Selling a 10% fat yoghurt would have been unthinkable for UK retailers five years ago. But today UK retailer Marks & Spencer offers 10% fat and 0% fat yoghurts side-by-side on the shelf under its own label. Both carry the 'Eat Well' logo, which is designed to guide consumers to healthy eating choices. Tesco, the UK's largest supermarket group, also sells a 10% fat own-label yoghurt.



Mainstream brands are adding more fat – and avocado has a health halo with consumers as a "good fat"



General Mills' keto-friendly brand offers yogurt and snack bars which are high in fat (15-17g), low in carbs and sugar (1-2g) and have 12-15g of protein per serving. The yogurts use **avocado oil** to increase the fat content.



Why drop an FBOMB? Boost energy. Enhance satiation. Curb cravings. Support ketosis.

US brand **FBOMB**, launched in 2015, offers a range of high-fat snacks – nut butters, snack bars, cheese crisps, meat sticks, bone broths and oils – made from oils and fats from ingredients like coconut, **avocados**, olives and nuts.

KEY TREND: THE POWER OF PROVENANCE



People value food 'from somewhere' more than food from 'anywhere' – whether that 'somewhere' is local, or from the other side of the world. They love a back story about where and how a food is made.

Foods with a halo of provenance and/or artisanal production have more appeal. Provenance is increasingly important for ingredients as well as for brands.

The avocado industry is already connecting to the provenance trend



Photo courtesy of the California Avocado Commission

New Zealand

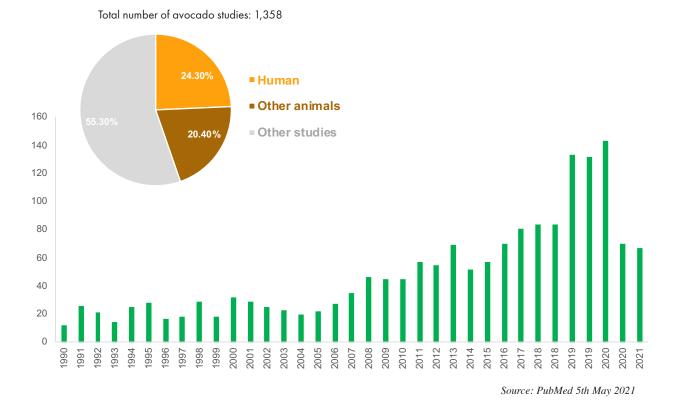
OVĀVO avocados come from the northernmost tip of New Zealand, one of the most pristine and remote growing environments on the planet.

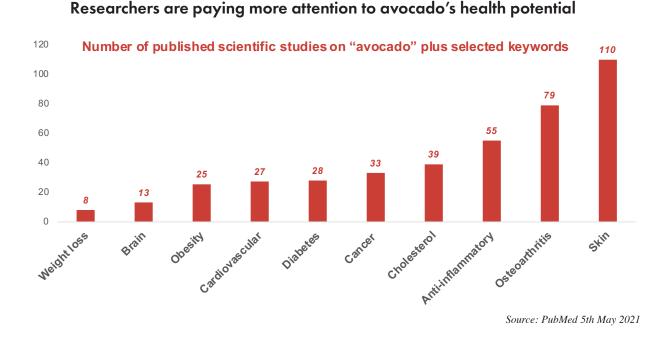
New Zealand's unique geology is surrounded by forest and idyllic beaches. The soils are rich in nutrients, and the pristine water and micro-climate lends itself to growing the highest quality Hass avocados.

AOTEAROA NEW ZEALAND IS OUR HOME

Science backs avocado health benefits

Research about avocado's benefits is increasing – the number of scientific studies on avocado has grown rapidly in the last decade.

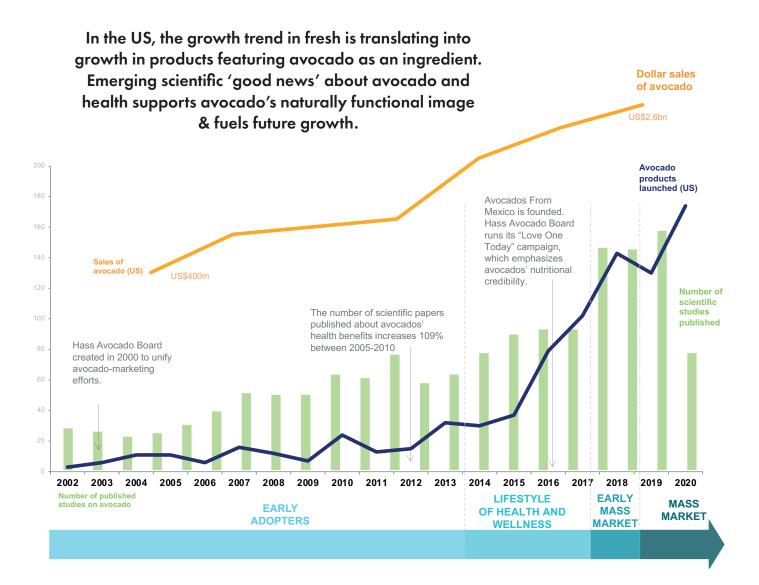




Adding up the growth prospects for avocado

There are multiple signs of strong future growth prospects for avocado as an ingredient:

- 1. Strong connection to multiple growth trends
- 2. Increasing number of scientific studies showing health benefits
- 3. Steadily increasing sales of fresh product
- 4. Soaring launches of products featuring avocado as an ingredient



The future: Avocado is the next almond

What helped almond become a global success:

- 1. Increasing number of scientific studies showing health benefits
- 2. Steadily increasing sales of nuts as a snack
- 3. Strategy by almond growers of making almond easier to use as an ingredient

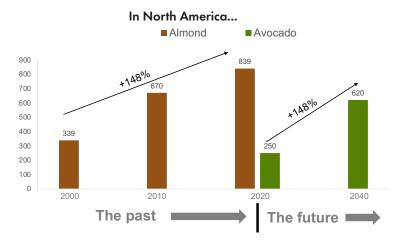
California's almond growers followed a strategy of reinventing the almond – transforming it from snack nut into a value-added food ingredient. It's a strategy that has paid off.

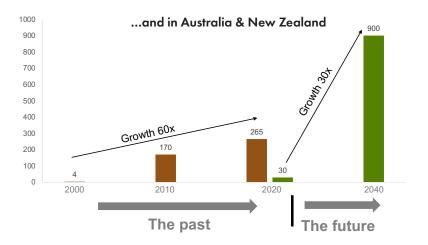


in 1999

in 2019

Now, avocado is harnessing the same strategy that worked so well for almond, giving it excellent growth prospects.





OVĀVO ingredient powder applications and advantages

Perfectly delicious avocados that should not be going to waste... turned into a valuable nutrient-dense ingredient





Click image to play video.

OVĀVO's orchard is one of the most pristine places in the world to grow avocados, looked after by a special "avocado whisperer". Learn more about OVĀVO's orchard in this video.

Avocados are an incredibly versatile complement to a wide range of ingredients: in taste, texture and functionality.

New Zealand's OVĀVO has successfully used its avocado powder in a range of foods including ice cream, chocolate truffles, muesli bars, tortillas, chocolate flavoured breakfast drinks and hummus.

Hass avocado flesh is dehydrated into a concentrated, clean label freeze-dried powder, retaining almost all its natural properties (structure, colour, flavour, nutrients).

The powder is a light green shade with moderately earthy afternotes, a slight acidic smell, with a creamy and mouthcoating texture which is amplified in combination with other foods. It is highly soluble in fat & oil.

Avocado powder has a number of advantages over avocado oil:

- Powder has high amounts of fibre, with associated health and satiety benefits.
- Powder has lower water activity, so does not significantly contribute to increases in water activity of the final product.
- Avocado oil has potential for increased oxidation due to the polyunsaturated fatty acid levels. As an oil, the long chain fatty acids are increasingly exposed to oxidative stress and chemical changes under high temperature environments compared to the powder.
- Oil is limited in its applications whereas powder can be used in a wider range of food processing systems.



Two tablespoons of OVĀVO powder have all the nutritional goodness of a whole avocado.

