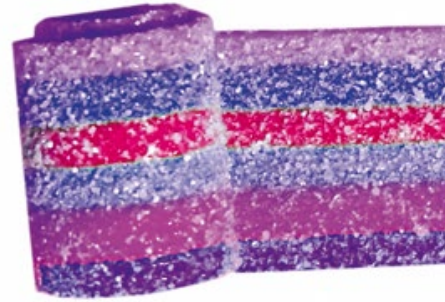


6 distinct consumer trends



Cloetta continuously monitors market trends at macro and micro levels through market research, category and trend reports, social listening and various trackers. Keeping track of trends provides valuable information for us to feed into the development of new ideas and concepts.

Greater individualisation

Consumers increasingly wish to satisfy their individual needs. This means that they want the option of both choosing products, and also having access to products and services that are individualised and can be adapted to different occasions.

Cloetta's response

Pick & mix is a good example of a concept that is individualised, and a category in which we are a leading market player. The CandyKing brand relaunch has made it a more relevant and appealing offering, and has given consumers exciting new options on the pick & mix shelf, through exclusive collaboration with suppliers. Cloetta also consistently works on different packaging sizes and formats to cater for different occasion needs, such as The Jelly Bean Factory providing a range of different formats, spanning from smaller "grab and go"-sachets, to larger sharing & gift jars.

Responsibility for the environment and human rights

One of the key trends is the interest in the impact of food production on the environment and the social conditions of the producer. Suppliers have responded to consumer demand for information; above all in terms of the origins of raw materials, the farmers' working conditions, quality and farming methods, by introducing different types of labelling and certification.

Cloetta's response

During 2021, Cloetta continued driving several programmes within these areas that aim to make a real impact in the world. In partnership with the Rainforest Alliance, we contribute to The Living Income project that bridges the living income gap by making extra payments directly to cocoa farmers. Cloetta committed to the Science Based Targets initiative (SBTI) which is a public commitment to reduce direct and indirect carbon emissions, and we submitted our targets for validation at the end of 2021. As an example of our commitment, we also calculated the climate footprint for a selection of our products, involving the first steps of more data collection and engagement with our suppliers.

Health

Consumers are increasingly looking for natural raw materials with positive health benefits. Additives of various types and artificially produced substances are being questioned in favour of natural ingredients. E-numbers are being replaced with the name of the additive in plain language. Natural sugar and natural sweeteners like xylitol and stevia are preferred to artificial sweeteners. Less sugar and fewer calories is another important aspect that consumers are demanding.

Cloetta's response

We are working to remove artificial flavourings and colourants from our assortment. They will be entirely replaced by natural fruit and plant extracts in our candy products. Cloetta provides alternatives in the form of sugar-free products, products with less sugar and products that are naturally free from sugar, giving consumers the opportunity to choose. We also use the natural sweetener xylitol in brands such as Jenkki, Mynthon and Läkerol Dents.

E-commerce and digital channels increasingly important

E-commerce is growing rapidly across all sectors, including the grocery retail trade, and growth has been fueled further by the Covid-19 pandemic. Alongside the growth of e-commerce, direct communication with consumers via social media is emerging as one of the most important channels for feedback. Online sales in confectionery are still lower than for other consumer product categories, but have more than doubled in Cloetta's core markets compared to before the pandemic.

Cloetta's response

E-commerce is one of our key focus areas. Cloetta's e-commerce strategy is focused on growth through a dynamic channel that matches our strong offline shares in online trade. Online grocery market maturity differs depending on the markets. This means that Cloetta sets clear priorities for where and how to drive e-commerce projects including mobile image optimisation, e-trade marketing activation and dedicated online product development. We are constantly developing new marketing tools to get noticed and end up being the preferred brand in a shopping cart.

Superior sensory experiences

With the increased exposure to social media platforms where consumers share consumption experiences, and the need for affordable escapism, consumers are seeking heightened sensory experiences from their food. This is driving companies to regularly launch exciting new flavours and textures.

Cloetta's response

With our strong brands acting as a trustworthy ambassador for novel taste sensations, 2021 brought exciting taste experiences to consumers. For example, in the Nordic countries Läkerol YUP Crispy was launched with products providing a nice sensory experience. 2021 was also the year of the Venco Choco D'rop launch in the Netherlands, with the product offering a great combination of real Dutch licorice and exclusive chocolate.

Local, genuine and transparent brands

Local brands with a strong history are favoured by consumers. This became even more apparent during the pandemic, when consumers reverted far more to traditional and familiar brands. Authenticity and transparency are key for brands to deliver in order to earn consumer trust.

Cloetta's response

In all core markets, we have some of the strongest local brands that consistently deliver joy and fun moments in consumers' daily lives. We continue to invest in local brands and develop them in accordance with consumer trends whilst ensuring they meet consumer expectations. To earn consumer trust and to truly deliver genuine brands, we work continuously to ensure all products meet high quality standards, and provide clear and transparent information about the contents of the products on the packaging and our website.