July 2022

Targeting Sales with Channel Awareness

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Executive Summary

Establishing ‘Trusted Expert’ status with your customers separates you from competition.

‘Consultative Selling’ keeps customers, buyers and owners' attention because it addresses their problems with potential solutions and ideas.

Consumer buying channels are shifting, evolving. Food manufacturers must evolve in-synch

Product development, format, flavor, packaging and labeling all must coincide with these shifting consumer patterns.

Understanding how different demographic groups are shifting their point-of-purchase choices and decisions assists product development success.

The following slides provide you guidance about consumer and channel evolution to enhance your Trusted Expert status with customers.

Methodology

Hypothesis

- Different generational groups (cohorts) prefer different channels for similar products.

Research

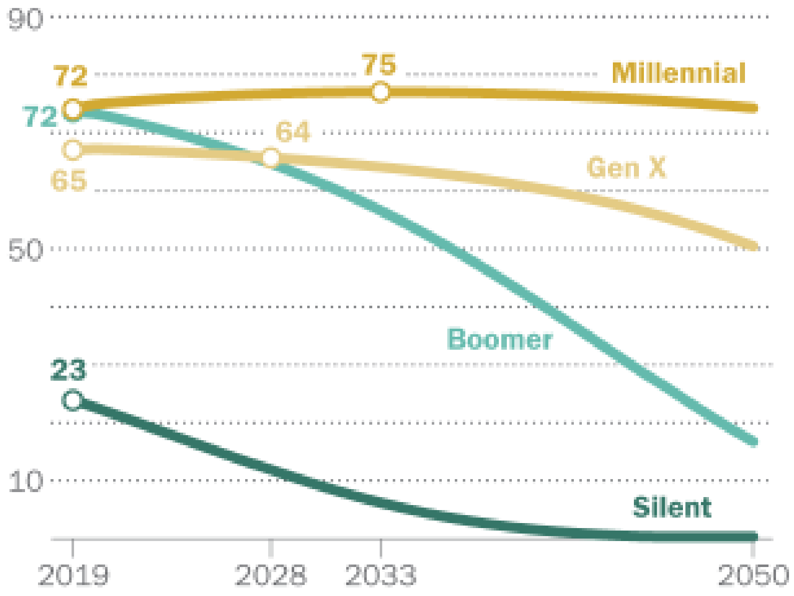
- We reviewed public media. We engaged INNOVA for insights.

Focus Areas

- We researched 4 cohorts
  - Boomers
  - Gen X
  - Millennials
  - Gen Z

Projected population by generation

In millions



Note: Millennials refer to the population ages 23 to 38 as of 2019.
Source: Pew Research Center tabulations of U.S. Census Bureau population estimates released April 2020 and population projections released December 2017.

PEW RESEARCH CENTER

Research Methodology

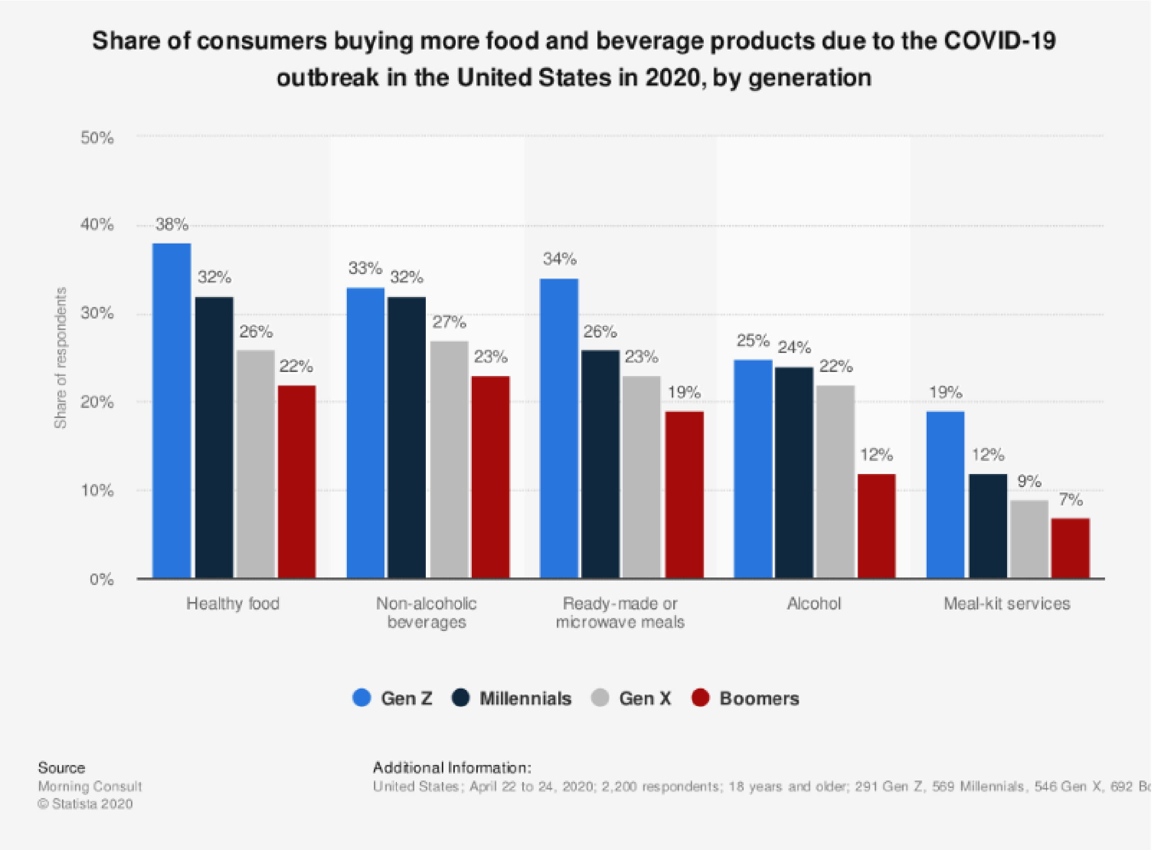
- **We researched 7 Application Categories**
  - Ready Meals & Side Dishes
  - Soups, Sauce Seasonings
  - Snacks
  - Spreads
  - Bakery
  - Dairy
  - Sport Powders (Sub-Category)

- **We researched 15 Point of Purchase Channels**
  - Convenience stores (7/11 stores, to go stores...)
  - Directly at the gym/ from my trainer
  - Dollar store
  - Drugstore
  - Farmers market
  - Foodservice outlet (canteen, fast food restaurant...)
  - Foodservice outlet (canteen...)
  - Hard discounters
  - Online
  - Other
  - Specialist stores (bakery, butcher...)
  - Specialist stores (cheese shop, dairy store...)
  - Specialist stores (sports supplement stores...)
  - Vending machine
  - Vending machines

Findings

There are clear distinction between cohort groups

- Boomers and Gen X shop differently than Gen Z and Millennials - Channels & Products
- Boomers and Gen X have similar purchase channel preferences
- Gen Z and Millennials have similar purchase channel preferences
- Different cohorts have different application preferences



Insights

- Summary

- US Baby Boomers and Generation X
  - have more traditional shopping habits
  - frequenting regular supermarkets for most F&B categories.

- Millennials and Generation Z
  - Show a higher propensity to shop **online**
  - Use **vending machines** (for snacks)
  - Frequent **farmers' markets** more than Boomers and Generation Z

Channel Preferences by Generations

- This heat map shows that most all consumers utilize “Regular Supermarkets” most frequently.
- Comparing combined groups, (Boomer + Gen X) to (Millennial + Gen Z) makes channel preference differences become more obvious
- Millennial and Gen Z shoppers use frequent more channels than other cohorts

Row Labels	Average of Boomer	Average of Generation X	Average of Millenial	Average of Generation Z
Convenience stores (7/11 stores, to go stores...)	9%	23%	25%	26%
Directly at the gym/ from my trainer	2%	8%	15%	19%
Dollar store	14%	26%	25%	24%
Drugstore	8%	14%	20%	19%
Farmers market	6%	9%	15%	17%
Foodservice outlet (canteen, fast food restaurant...)	5%	12%	21%	14%
Foodservice outlet (canteen...)	2%	4%	10%	9%
Hard discounters	7%	8%	14%	13%
Online	8%	14%	20%	21%
Other	8%	4%	5%	6%
Regular supermarket (including click & collect)	86%	76%	56%	54%
Regular supermarket (including click & collect...)	88%	76%	60%	55%
Specialist stores (bakery, butcher...)	8%	9%	16%	17%
Specialist stores (cheese shop, dairy store...)	9%	8%	14%	16%
Specialist stores (sports supplement stores...)	14%	28%	25%	35%
Vending machine	1%	3%	8%	9%
Vending machines	2%	5%	13%	14%

Channel Preferences by Generations

- When we remove "Regular Supermarkets" from the heat map the differences become more striking.
- Specialty, Convenience and Value stores become greener indicating higher preference and use.

Row Labels	Average of Boomer	Average of Generation X	Average of Millenial	Average of Generation Z
Convenience stores (7/11 stores, to go stores...)	9%	23%	25%	26%
Directly at the gym/ from my trainer	2%	8%	15%	19%
Dollar store	14%	26%	25%	24%
Drugstore	8%	14%	20%	19%
Farmers market	6%	9%	15%	17%
Foodservice outlet (canteen, fast food restaurant...)	5%	12%	21%	14%
Foodservice outlet (canteen...)	2%	4%	10%	9%
Hard discounters	7%	8%	14%	13%
Online	8%	14%	20%	21%
Other	8%	4%	5%	6%
Specialist stores (bakery, butcher...)	8%	9%	16%	17%
Specialist stores (cheese shop, dairy store...)	9%	8%	14%	16%
Specialist stores (sports supplement stores...)	14%	28%	25%	35%
Vending machine	1%	3%	8%	9%
Vending machines	2%	5%	13%	14%

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Application Preferences by Generations

- Parsing the data further we can extract application differences between generations
- Combining all point of purchase channels we can see individual and combined cohort behavior patterns
- Spreads, Sport Powders, Snacks and Ready Meals ***appear*** to be preferred applications for younger generations (empirical evidence, non statistically proven)

Row Labels	Average of Boomer	Average of Generation X	Average of Millenial	Average of Generation Z
Bakery	15%	18%	20%	19%
Cheese	14%	15%	16%	17%
Dairy	14%	16%	18%	18%
Ready Meals	15%	18%	21%	20%
Snacks	16%	20%	22%	23%
Soup, Sauces, Seasoning	17%	21%	23%	23%
Sport Powd.	18%	24%	26%	24%
Spreads	20%	24%	27%	28%
Yogurts	13%	15%	17%	17%

Implications & Utility

- The data clearly indicates we must assure applications are suitable and designed for Convenience Store applications
- Application must be designed to withstand Online e-Commerce channels and logistics
- Younger generations have a purchasing affinity for sauces, condiments and snacks
- Innovation must be driven by insights
- Understanding consumer segment behavior patterns leads to better application recommendation and enhances opportunity for their product launch success
- Channel awareness and channel specific product development and marketing plans will accelerate and enhance product launch success
- Sharing Consumer Insights and awareness can assist our customers product development and strategic planning
- Developing with consumer Insights and marketing trend driven applications shifts conversations away from Price
- Leading with Marketing Research and trend driven applications enhance the relationship with customers

Appendix

July 2022

Datasentials
Age Demographic
Shopping Trends

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WILL CONSUMERS VISIT QSRs MORE OR LESS OFTEN?

A quarter of Gen Z says they plan to visit fast food restaurants even more often in the future, though a sizable percentage (22%) plan to visit less.

For each of the following types of restaurants/locations that sell food, please indicate whether you plan to visit each place more or less: fast food restaurants. (n=1501)

	TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMER
Visit more	13%	25%	19%	7%	5%
Visit the same amount	59%	46%	51%	63%	68%
Visit less	22%	22%	23%	21%	23%
Completely stop visiting	3%	4%	4%	4%	2%
Never visited and don't plan to	3%	3%	2%	4%	3%

Source: Datasentials Webinar

WILL CONSUMERS VISIT BUFFETS MORE OR LESS OFTEN?

Consumers overall are twice as likely to say they will visit buffets less in the future, but the numbers are very different by generation.

For each of the following types of restaurants/locations that sell food, please indicate whether you plan to visit each place more or less: buffets. (n=1501)

	TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMER
Visit more	12%	28%	15%	9%	4%
Visit the same amount	42%	39%	46%	45%	37%
Visit less	24%	19%	20%	26%	28%
Completely stop visiting	9%	5%	8%	8%	12%
Never visited and don't plan to	13%	9%	11%	12%	19%

Source: Datassentials Webinar

WILL CONSUMERS ORDER THIRD-PARTY DELIVERY MORE OR LESS OFTEN?

As consumers went back to restaurants, a drop-off in delivery orders was inevitable, but high fees aren't helping.

Please indicate whether you plan to purchase more or less of the option: meals delivered from third-party delivery services (Doordash, Uber Eats, etc.) (n=1501)

	TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMER
Purchase more	12%	26%	14%	8%	4%
Purchase the same amount	33%	32%	42%	35%	19%
Purchase less	18%	24%	19%	17%	14%
Completely stop purchasing	7%	7%	6%	8%	5%
Never purchased and don't plan to	31%	10%	18%	31%	57%

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WILL CONSUMERS VISIT DISCOUNT STORES MORE OR LESS OFTEN?

Twice as many Gen Z consumers say they will visit large discount stores more often in the future.

Please indicate whether you plan to visit each place more or less: large discount stores (Walmart, Target, etc.) (n=1501)

	TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMER
Visit more	21%	40%	22%	18%	12%
Visit the same amount	66%	48%	64%	68%	74%
Visit less	9%	9%	8%	10%	9%
Completely stop visiting	2%	2%	3%	2%	2%
Never visited and don't plan to	5%	1%	3%	3%	6%

T Source: Datasentials Webinar

WILL CONSUMERS EAT HEALTHIER IN THE FUTURE?

More consumers said they plan to increase healthy food purchases than planned to increase any other activity we tested.

Please indicate whether you plan to purchase more or less of the option: healthy foods (n=1501)

	TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMER
Purchase more	39%	42%	43%	37%	37%
Purchase the same amount	48%	39%	43%	48%	51%
Purchase less	6%	9%	7%	6%	4%
Completely stop purchasing	3%	4%	3%	3%	1%
Never purchased and don't plan to	6%	5%	4%	6%	7%

Source: Datasentials Webinar

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WILL CONSUMERS **VISIT MOVIE THEATERS** MORE OR LESS OFTEN?

Nearly a quarter of the population says they will visit movie theaters less in the future, though a third of Gen Z says they will go more often.

Popcorn

For each of the following types of stores or locations, please indicate whether you plan to visit each place more or less : movie theaters. (n=1501)

	TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMER
Visit more	18%	33%	23%	14%	9%
Visit the same amount	36%	36%	40%	38%	28%
Visit less	24%	20%	22%	24%	27%
Completely stop visiting	10%	3%	7%	12%	15%
Never visited and don't plan to	12%	8%	8%	12%	21%

Source: Datasentials Webinar

WILL CONSUMERS **VISIT MALLS** MORE OR LESS OFTEN?

It's not a great time to be a shopping mall. More consumers say they plan to visit malls less often than any other question we asked. Three times as many consumers plan on visiting less often than plan on visiting more often.

For each of the following types of stores or locations, please indicate whether you plan to visit each place more or less: malls (n=1501)

	TOTAL	GEN Z	MILLENNIAL	GEN X	BOOMER
Visit more	11%	23%	14%	7%	4%
Visit the same amount	44%	47%	47%	44%	40%
Visit less	30%	24%	26%	29%	37%
Completely stop visiting	7%	4%	8%	7%	8%
Never visited and don't plan to	9%	3%	6%	12%	11%

Source: Datasentials Webinar