Trend SPARKS

Unlocking Nature. Enriching Life.

Culinary

Home Cooking Return to Center-of-Store (COS)

Amidst COVID 19 stay-at-home orders, 60% of consumers reported cooking at home more[1], resulting in a 22% increase in Center-of-Store growth (vs. 3% in 2019)[2].

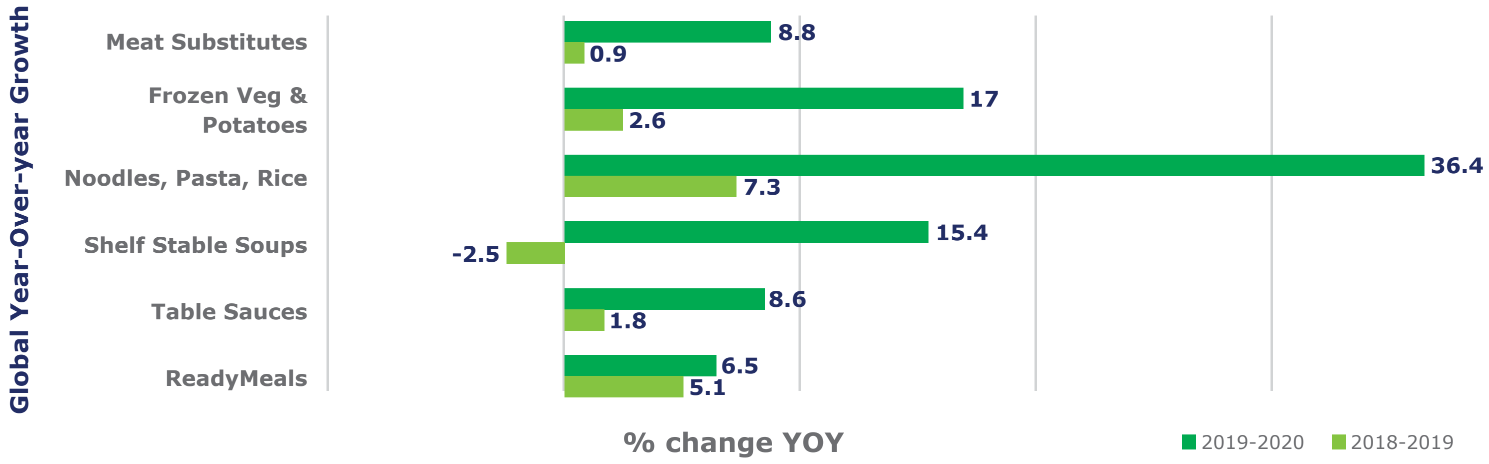
They turn to home cooking in search of enjoyment and comfort, incorporating familiar flavors with unique twists to alleviate boredom. Consumer are also seeking value given the economic uncertainty, but are not willing to compromise on taste or indulgence.

COS Winners

Comfort Foods with a Twist
Simple Solutions
Pasta, Soups, Frozen, Sauces, and Meat Substitutes[2]
Online Grocery Delivery[3]

German HelloFresh +65%
NA Walmart +74%
US Kroger +92%

Category Dynamics & Performance



Continued COS Opportunities

Decision Factors remain stable

From 2010 to today, Taste consistently ranks highest followed by Price, Health and Convenience.

60% of global consumers are more conscious of overall health, well-being & Immunity[6]; Focus on Self-care will be critical.

Manage price carefully for consumer retention:

COS took share from Convenience with an average 6.5% price increase during COVID.

Lack of availability drove consumers to Private Label and may stay if post-COVID recession materializes.

Flexitarian Ready Meals

likely to grow given the situation in the meat industry … a key opportunity space for flavor/ form development and saucing.

Food manufacturers must rise to the challenge with diverse food offerings and ingredients to support this trend.

[1]Food Business News, June 2020; [2]IRI TSV–Wkly Data Ending 4/26/20; [3]Food Business News, June 2020 & Essential Retail, May 2020
[4]IRI Survey, May 2020; [5]Lightspeed/Mintel survey, May 2020; [6]FMCG Gurus; May 2020

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Consumer Engagement is Key

How to tie into Consumer Trends with Product Development

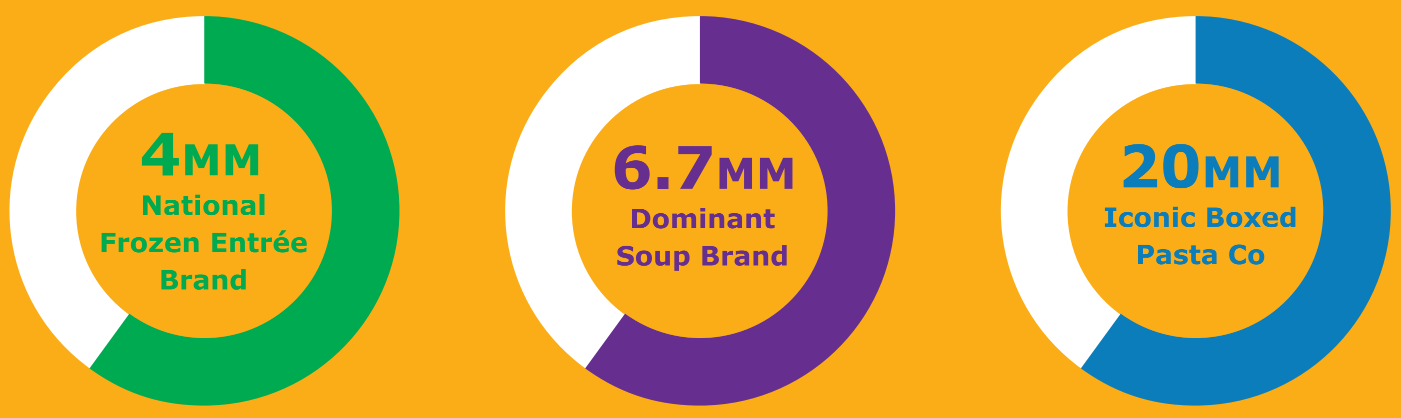
As center of store shifted from Health & Wellness to treating, we saw **indulgence increase.** In the post-pandemic H&W landscape, with elevated awareness of obesity, high blood pressure and diabetes (beyond age) as COVID risk factors, we expect consumers to shift to **permissible indulgence,** creating opportunities for H&W products high in immunity and functionality. Store perimeter (meats, vegetables) retains importance for meal prep.

Marketing

Invest in e-commerce: Online Classes, Blogs, Recipes, Shortcuts, Tips & Tricks & Flavor Options

Innovation critical to retaining new buyers

Long term retainment of even a small fraction of new consumers = $100MM's +Revenue[1]:



New Buyers Gained by Category

Returned lapsed buyers quickly tire of staples, creating opportunity for innovation to reconnect with them for long-term value creation.

Implications

Importance of Innovation a key learning post 2008...

The innovation pipeline was neglected, slowing home cooking recovery.
What eventually worked was premiumization, larger pack sizes and brand expandability[2]. ADM OutsideVoice℠ found that Comfort with a twist, Light and Fresh (H&W), Travel/Escapism and Flexitarian options resonate.

Seize Short Term Opportunity to engage consumers...

Retailers will need to enhance channel strategies to attract and retain new and disengaged shoppers as categories return to pre-COVID growth patterns in 2021 as anticipated.

Baby Boom on Horizon...

It is expected that the COVID 19 lockdown will lead to a baby boom in early 2021.

Prepare with baby foods offered in various packs and foods that speak to pregnant mothers' needs in terms of supplementation.

[1]IRI Weekly Surveys among IRI Consumer Network™ Panel representing Total U.S. Primary Grocery Shoppers -Average of waves 2-8 (3/20 –5/3) & *Wave 8(5/1-5/3)
[2]Food Business News 6.22.2020 Innovation Lessons from the Great Recession