KANTAR WORLDPANEL

A CTR SERVICE IN CHINA

Project Phase II

Market Research of New Product Launch for Lays Potato Chips

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Aug, 2023

Who we are & What we offer

Coverage & Sampling

- Total China
- **700 sample cities** in **20** provinces + **4** municipalities
- **1 to 6 tier cities/ 4 regions/ 8 sub-regions**

Approach & Methodology

- **Approach**
  - Representative sample distribution
  - Record real-time purchase behavior
- **Data Collection**
  - Panelists record data via smartphone APP- Panel Smart (with meter installed that also tracks media usage)

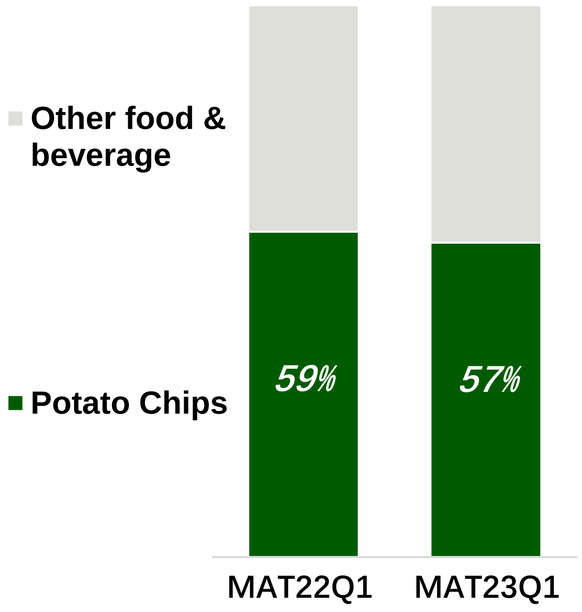
Omni-Channel

Project background

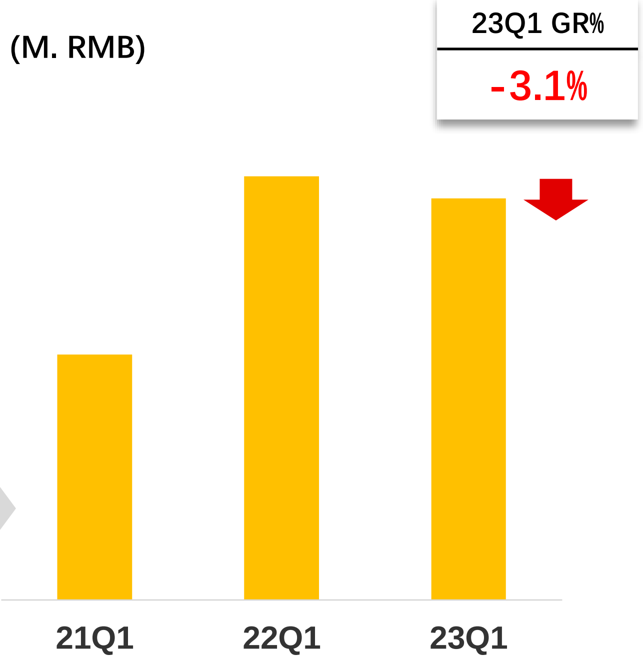
Potato Chips account for the major sales of LAYS, however, the market showed significant decline in Q1 after the promising growth.

Therefore, LAYS wanted to understand the reasons for the decline in the market， design and launch new products according to consumer needs

Sales contribution% in Lays



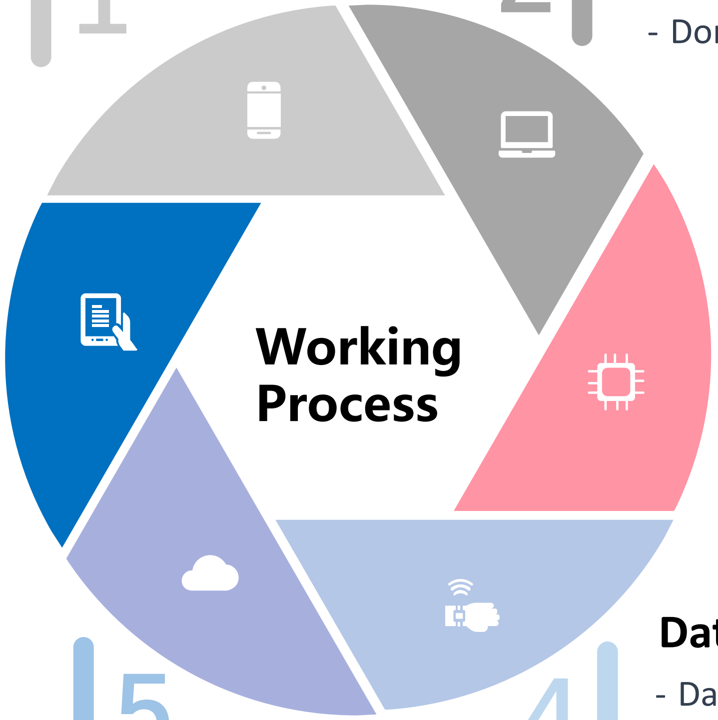
Potato Chips Sales Value Trend



Key business question

1. *Identify Potato Chips Market Landscape*
   - *Any potential trend?*
   - *Competition landscape*
2. *Identify key behaviors of Lays*
   - *Driving factors of sales drop*
   - *Any potential opportunities/risks?*
3. *New product launch suggestions*
   - *Which consumers should Lays focus on?*
   - *Customer Preference towards potato chips*

Analytical Pathway



1 Business Understanding
- Lay’s Business
- Potato Chips’ market

2 Industry Understanding
- Desktop Research
- Chinese FMCG market understanding
- Domain Knowledge of market research

3 Data Collection
- Kantar Worldpanel Household dataset
- Questionnaire

4 Data Preparation
- Data understanding
- Data Cleaning and Transformation
- Data Dictionary

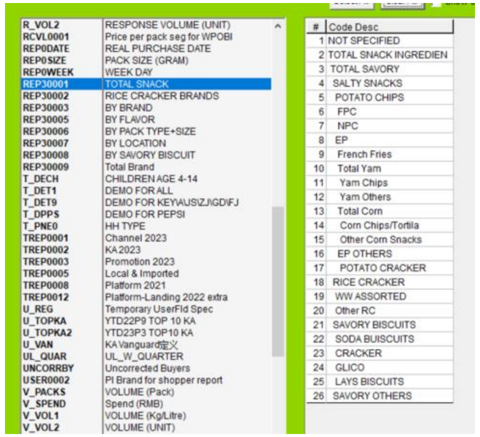
5 Modelling
- Conjoint Analysis
- K-Means
- PCA

6 Deployment & Recommendation
- PowerPoint

Data Set

Powervie... Basic

Purchase data
(*Household panel*)



R_VOL2	RESPONSE VOLUME (UNIT)
RCVL0001	Price per pack seg for WPOBI
REP0DATE	REAL PURCHASE DATE
REP0SIZE	PACK SIZE (GRAM)
REP0WEEK	WEEK DAY
REP30001	TOTAL SNACK
REP30002	RICE CRACKER BRANDS
REP30003	BY BRAND
REP30005	BY FLAVOR
REP30006	BY PACK TYPE+SIZE
REP30007	BY LOCATION
REP30008	BY SAVORY BISCUIT
REP30009	Total Brand
T_DECH	CHILDREN AGE 4-14
T_DET1	DEMO FOR ALL
T_DET9	DEMO FOR KEY\AUS\ZJ\GD\FJ
T_DPPS	DEMO FOR PEPSI
T_PNE0	HH TYPE
TREP0001	Channel 2023
TREP0002	KA 2023
TREP0003	Promotion 2023
TREP0005	Local & Imported
TREP0008	Platform 2021
TREP0012	Platform-Landing 2022 extra
U_REG	Temporary UserFld Spec
U_TOPKA	YTD22P9 TOP 10 KA
U_TOPKA2	YTD23P3 TOP10 KA
U_VAN	KA Vanguard定义
UL_QUAR	UL_W_QUARTER
UNCORRBY	Uncorrected Buyers
USER0002	PI Brand for shopper report
V_PACKS	VOLUME (Pack)
V_SPEND	Spend (RMB)
V_VOL1	VOLUME (Kg/Litre)
V_VOL2	VOLUME (UNIT)

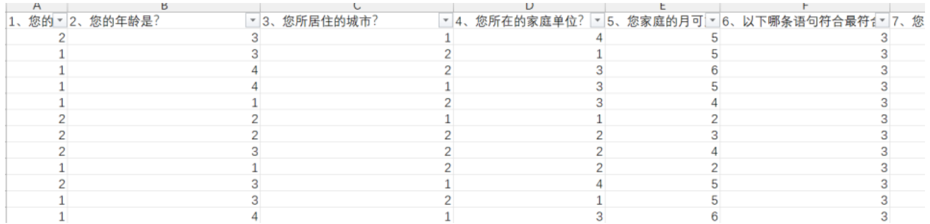
#	Code Desc
1	NOT SPECIFIED
2	TOTAL SNACK INGREDIEN
3	TOTAL SAVORY
4	SALTY SNACKS
5	POTATO CHIPS
6	FPC
7	NPC
8	EP
9	French Fries
10	Total Yam
11	Yam Chips
12	Yam Others
13	Total Corn
14	Corn Chips/Tortila
15	Other Corn Snacks
16	EP OTHERS
17	POTATO CRACKER
18	RICE CRACKER
19	WW ASSORTED
20	Other RC
21	SAVORY BISCUITS
22	SODA BUISCUITS
23	CRACKER
24	GLICO
25	LAYS BISCUITS
26	SAVORY OTHERS

京东

Comment data
(*E-Commerce platform*)

问卷星
— wjx.cn —

Attitude data
(*Questionnaire*)



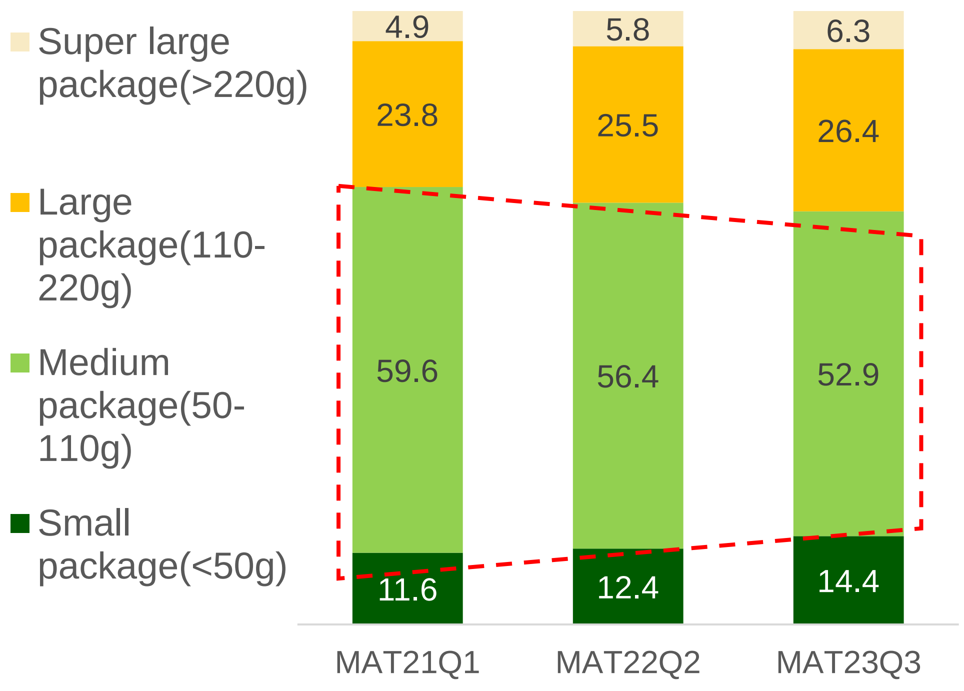
A	B	C	D	E	F	
1、您的	2、您的年龄是?	3、您所居住的城市?	4、您所在的家庭单位?	5、您家庭的月可	6、以下哪条语句符合最符	7、您
2	3	1	4	5	3	
1	3	2	1	5	3	
1	4	2	3	6	3	
1	4	1	3	5	3	
1	1	2	3	4	3	
2	2	1	1	2	3	
2	2	2	2	3	3	
2	3	2	2	4	3	
1	1	2	2	2	3	
2	3	1	4	5	3	
1	3	2	1	5	3	
1	4	1	3	6	3	

Objective 1. Identify Potato Chips Market Landscape

- What is the trend of Chinese Potato Chips Market?
- What is the Competitive Landscape?

Consumer demand for potato chip package sizes started to polarize

Potato Chips | Val% by Package Size



	Small Package <50g	Medium Package 50-110g	Large Package 110-220g	Super Large Package >220g
yoy Growth Rate	1.5%	-4.6%	2.9%	3.3%

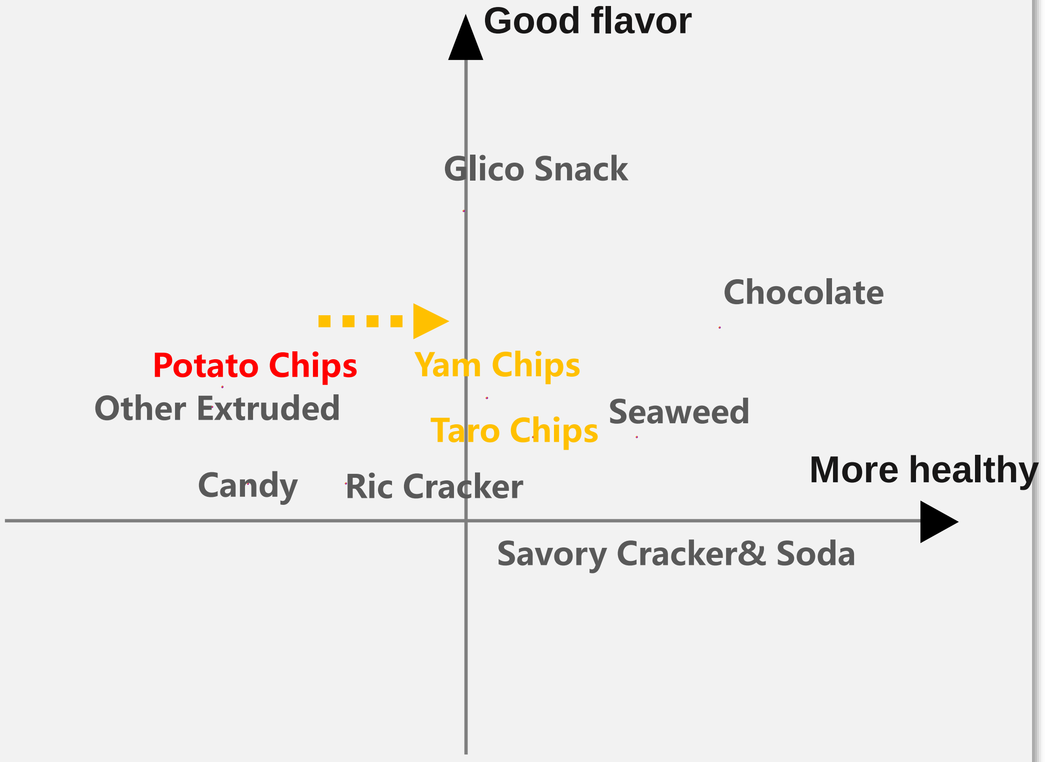
Data: Household panel, Kantar World panel

Objective 1. Identify Potato Chips Market Landscape

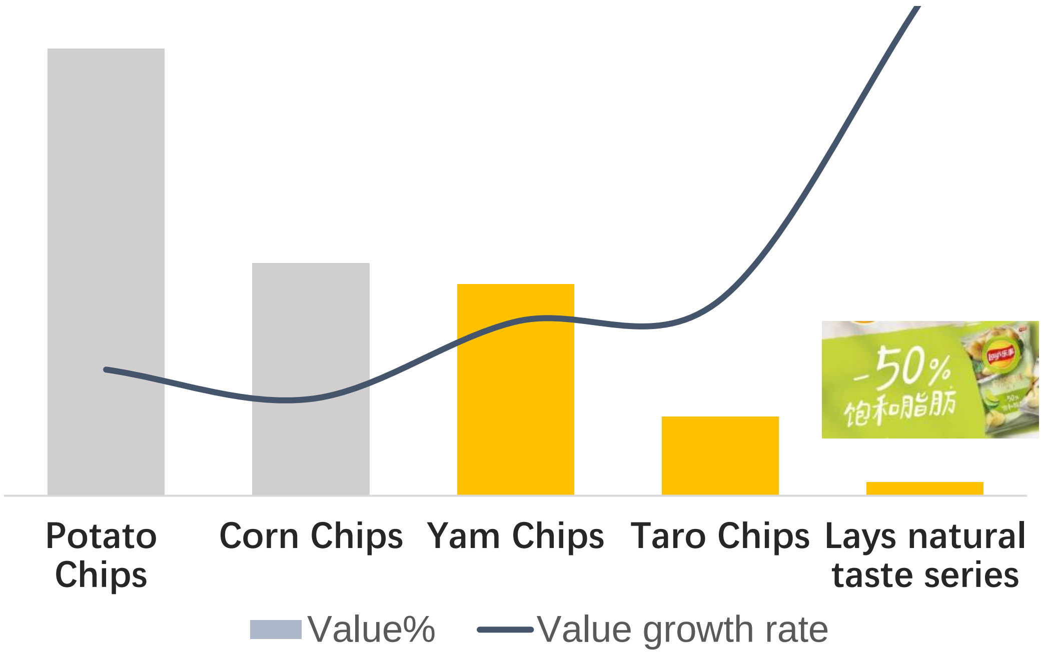
Market Trend | Competition Landscape | Conclusion

Consumers perceive snack categories differently; Due to health concerns, Taro Chips and Yam Chips still have some room for growth

Preferences for purchasing different snacks



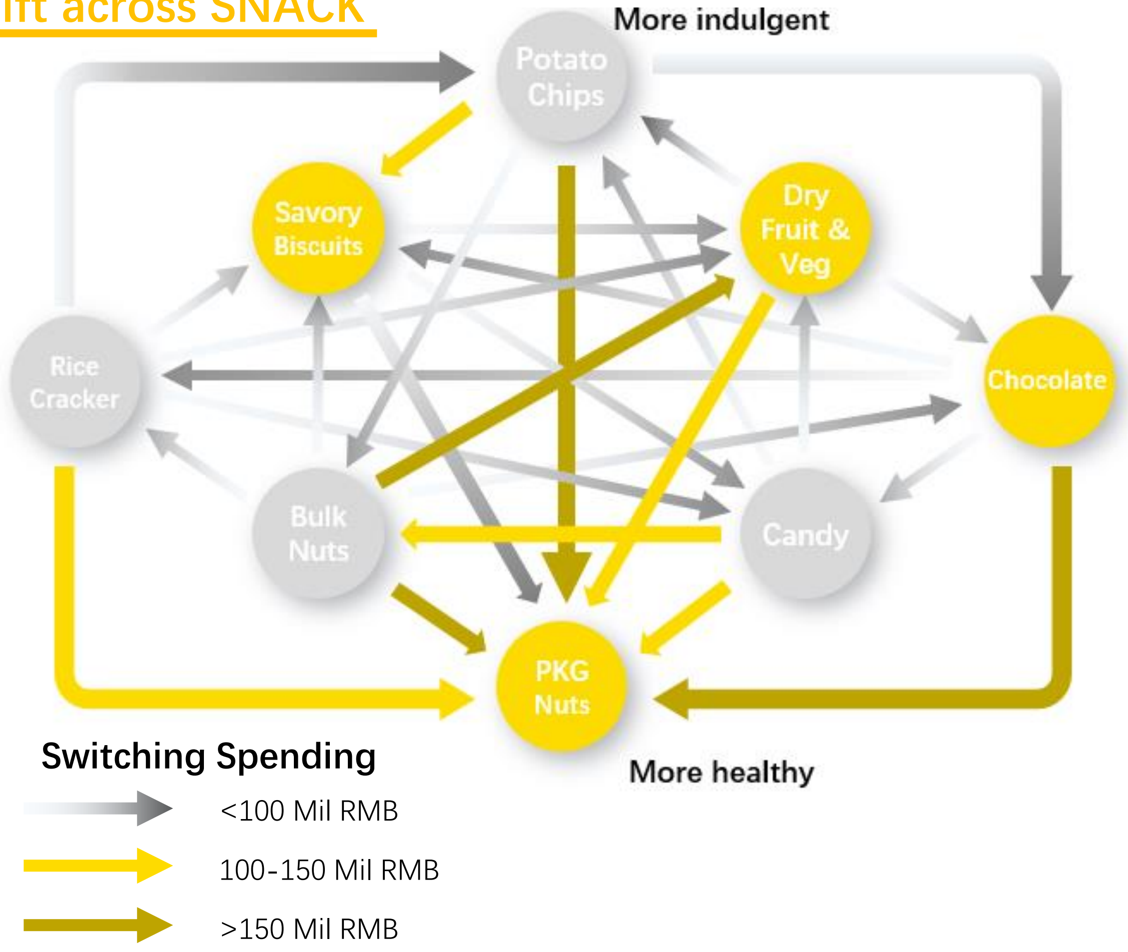
Chips，MAT23Q1



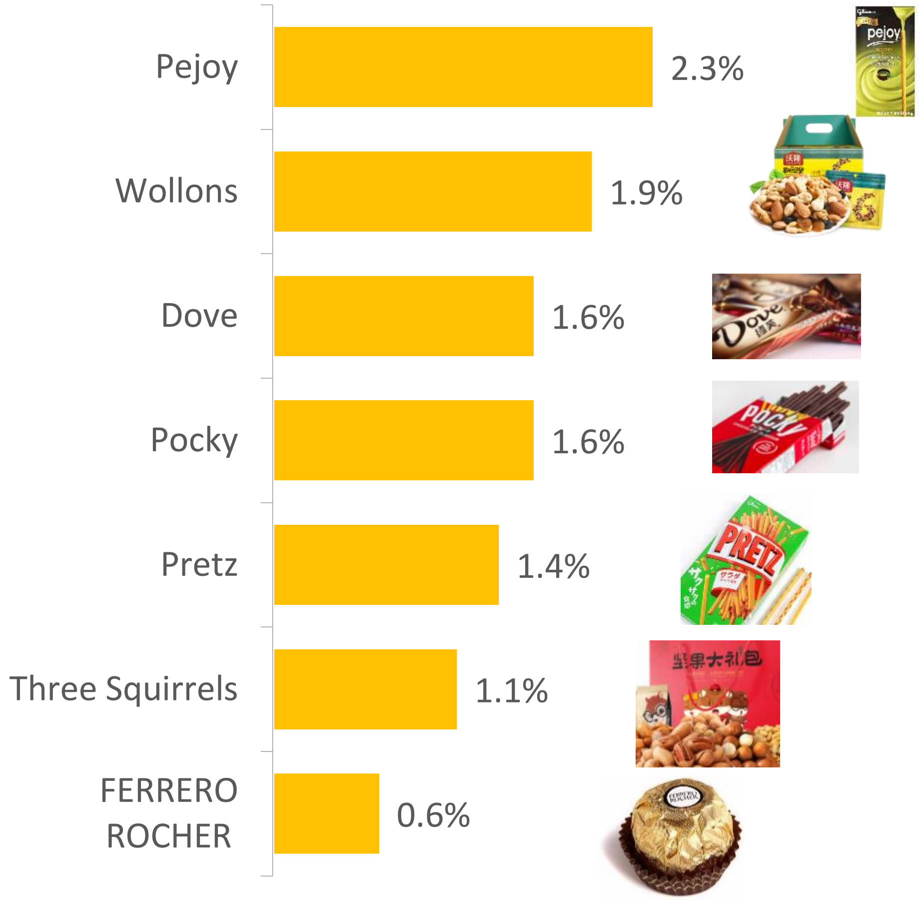
Data: Household panel, Kantar World panel

Through the consumers' wallet sifting dynamics across snack adjacent categories , we can identify that Savory biscuits, nuts and chocolate are the main competing categories

Shift across SNACK



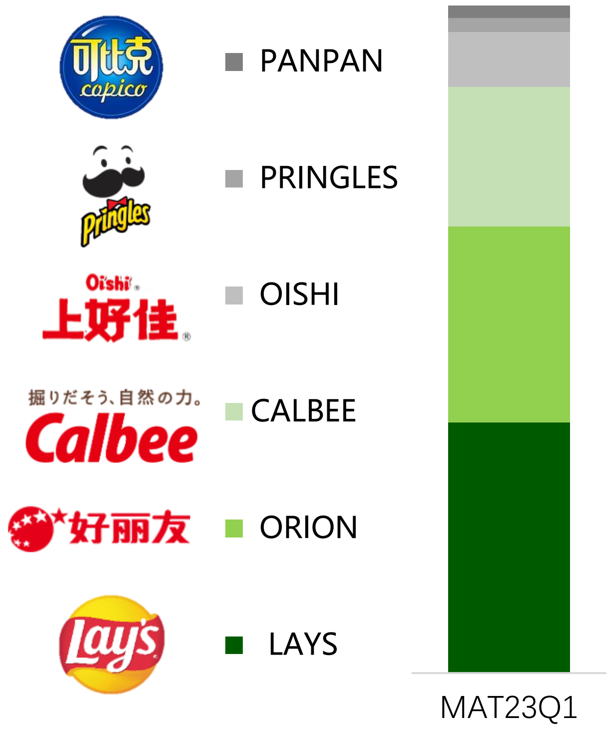
SOURCE OF VOLUME | Across Snacks | MAT23Q1 VS.LY



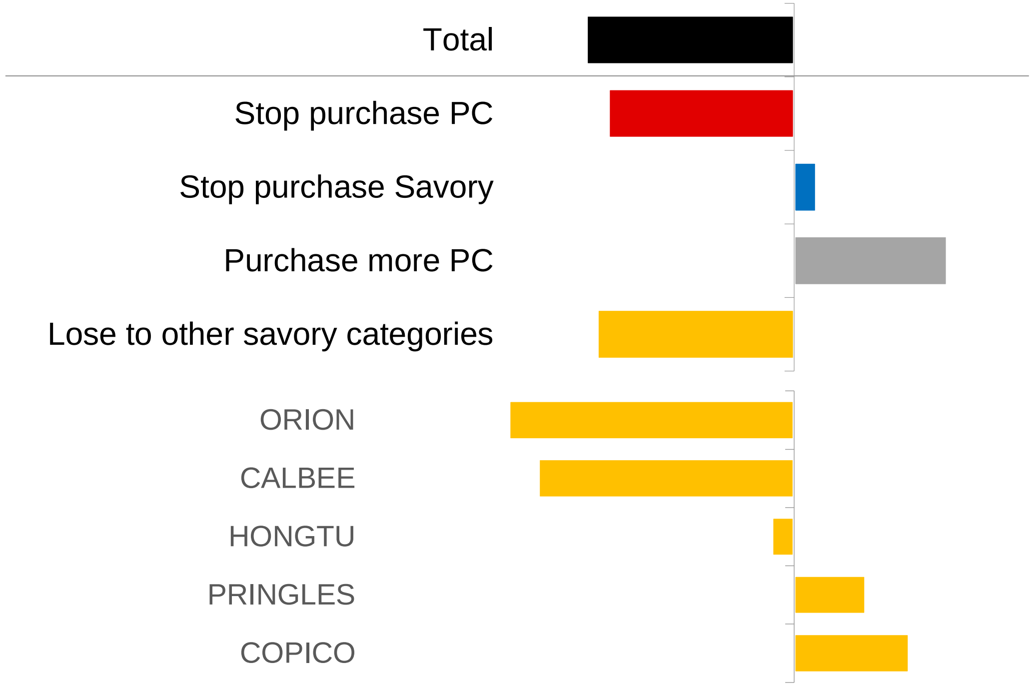
Data: Household panel, Kantar World panel

Lays, ORION, CALBEE and Oishi are top players in Chinese Potato Chips Market; In MAT2023Q1, Lays underperformed due to less category buyers and huge shift to ORION and CALBEE brands

VAL % | Potato Chips | Key to D Cities | MAT2023Q1



SOURCE OF VOLUME | Within Potato Chips| MAT23Q1 VS.LY



Data: Household panel, Kantar World panel

1. Consumer demand for package sizes started to polarize to suit different scenarios

2. Healthy concept products like Taro Chips and Yam Chips still have some room for growth

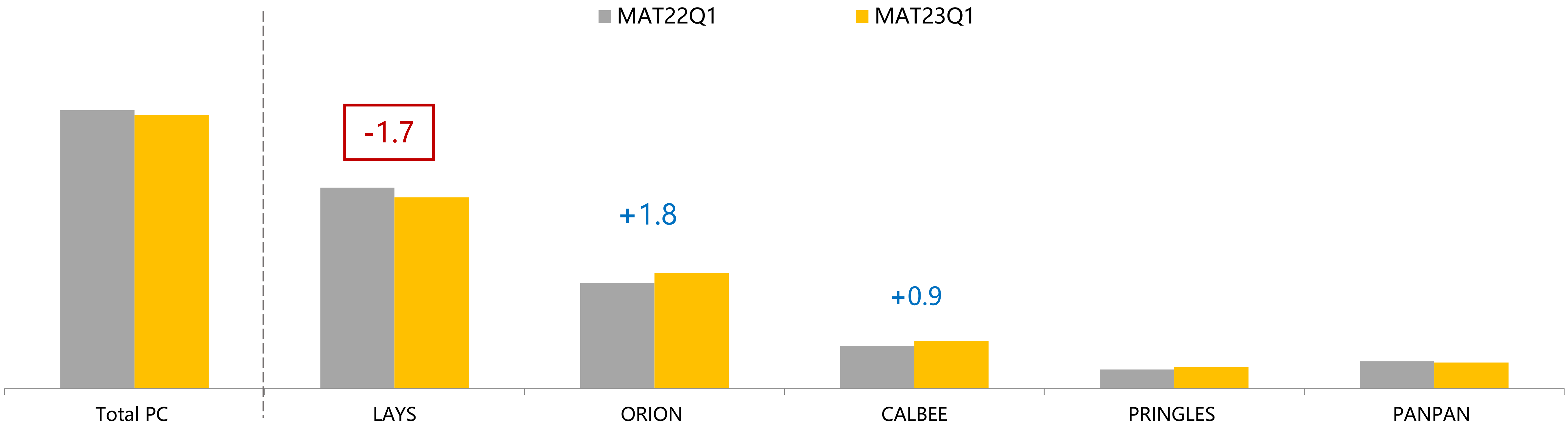
3.
   - Across categories, Lays should notice chocolate, savory biscuits and nuts
   - Within Potato Chips category, ORION and CALBEE are the main competitors

Objective 2. Key behaviors of LAYs

- Driving factors of sales drop
- Any potential opportunities/risks?

Lays needs to speed up new buyer recruitment as currently it's behind competitors. Thus, acquiring non buyers, retaining Brand's current buyers and reclaiming Brands' losing buyers are crucial.

Penetration %



Data: Household panel, Kantar World panel

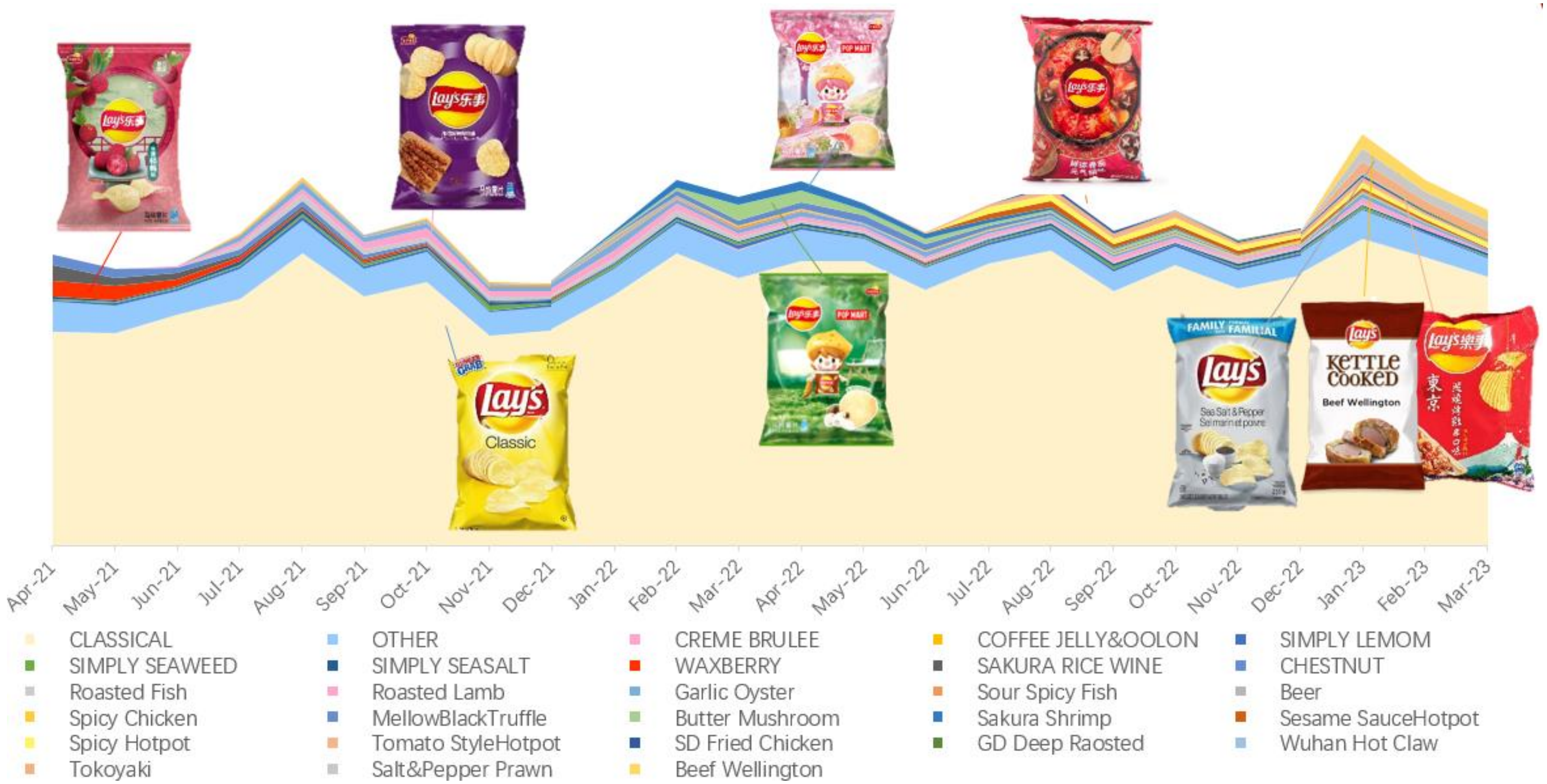
Consistent with the industry trend, healthy concept product lines (Nature taste, Taro Chips and Yam Chips) continue to grow

Healthy Concept Products: Nature taste, Taro Chips, Yam Chips & Rolls

	Classic	Stax	Wavy	Nature taste	Taro Chips	Yam Chips & Rolls	Lays French Fries
GR	+0.9%	-2.8%	-0.9%	+6.8%	+2.3%	+1.1%	-1.3%
Val%	34.9%	19.9%	15.2%	9.8%	7.3%	6.1%	6.8%

Data: Household panel, Kantar World panel

Seasonal In & Outs SKUs are important to drive business by staying relevant to consumers



Data: Household panel, Kantar World panel

Objective 2. Key behaviors of Lays

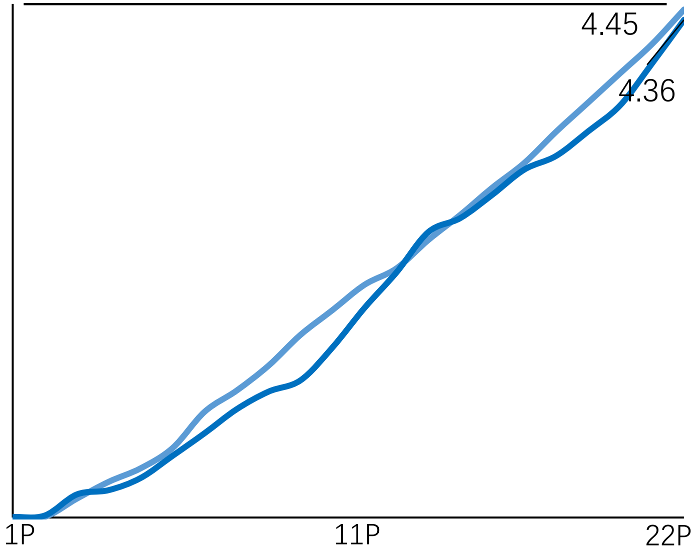
Driving Factors | **Opportunities /Risks** | Conclusions

After launching for the same period, the penetration rates of Light & Baked flavor and Hotpot flavor are similar. However, Hotpot flavor accumulate higher penetration at the beginning.

Light & Baked Flavor

As representative of ***Mild flavor***

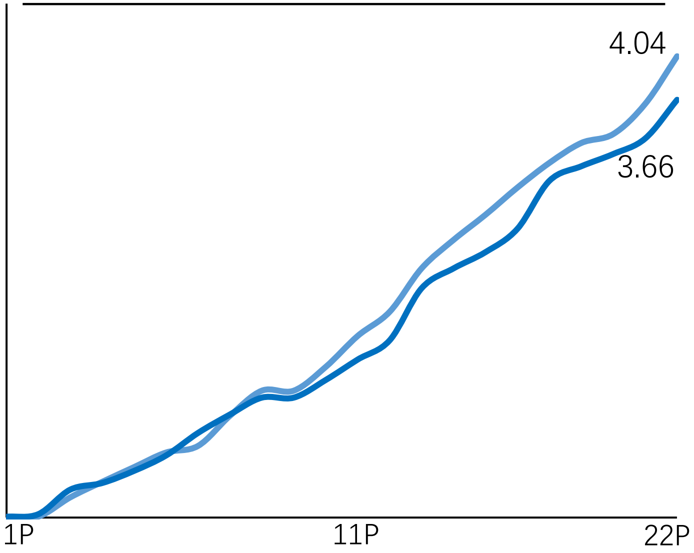
Cumulative Penetration% After Launch



Sparkling Water Flavor

As representative of ***Sweet flavor***

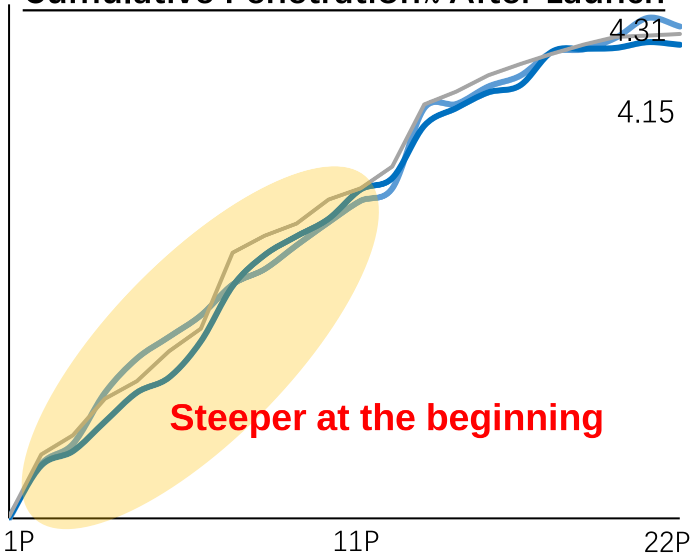
Cumulative Penetration% After Launch



Hotpot Flavor

As representative of ***Strong flavor***

Cumulative Penetration% After Launch

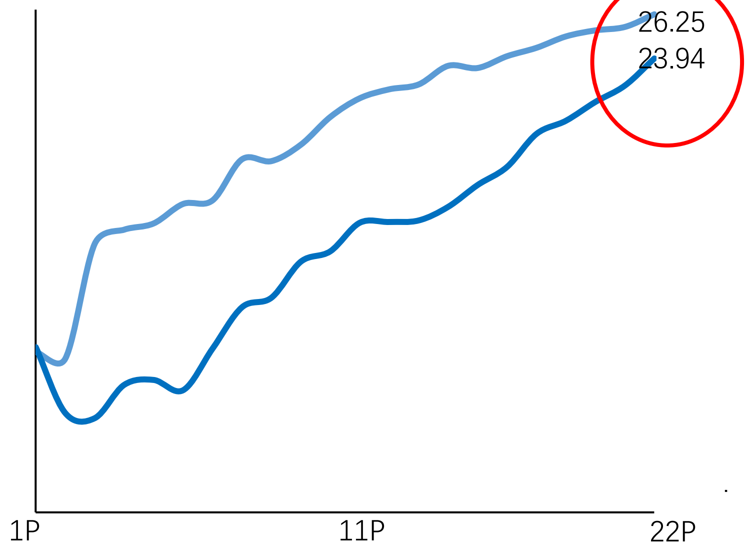


Light & Baked flavor has a higher repeat rate compared to Hotpot flavor.

Light & Baked Flavor

As representative of ***Mild flavor***

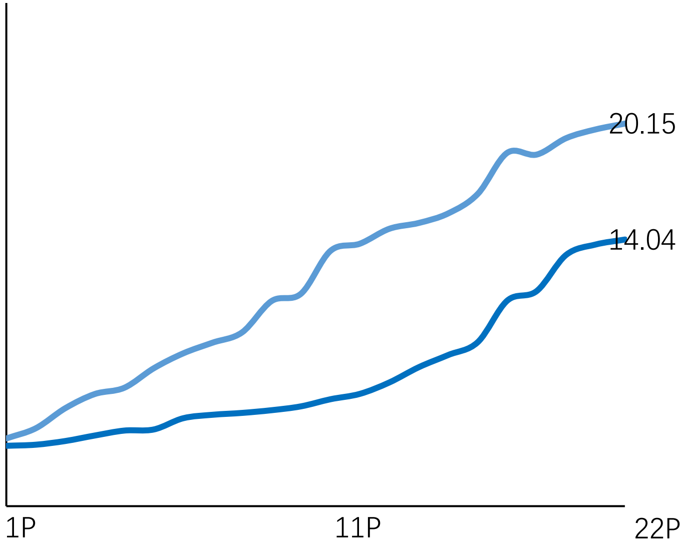
Cumulative Repeat% After Launch



Sparkling Water Flavor

As representative of ***Sweet flavor***

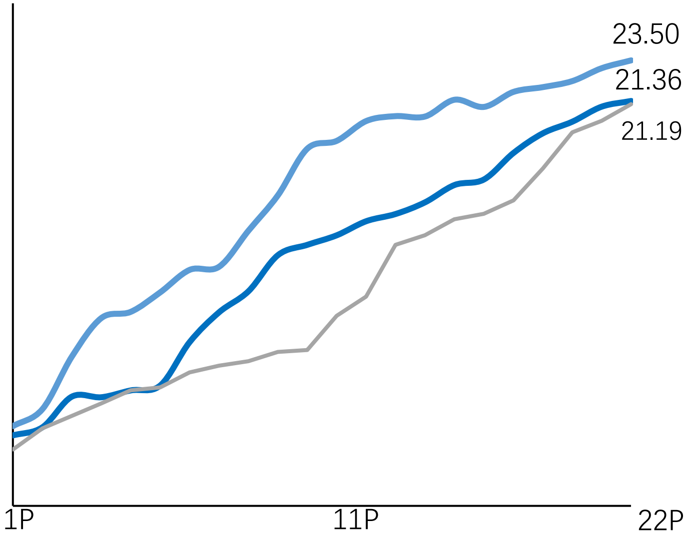
Cumulative Repeat% After Launch



Hotpot Flavor

As representative of ***Strong flavor***

Cumulative Repeat% After Launch



1. Due to huge decline in penetration this year, Lays needs to speed up new buyer recruitment as currently it's behind competitors.

2. New flavours can be developed based on the repeat rate and penetration of previous launches

Objective 3. New Product launch suggestions

- Which consumers should LAYs focus on?
- Customer Preference towards potato chips

Goal

Acquire

Non-PC Buyer
(as well as PC Demand Decrease Buyer)

Retain

Lays PC Current Buyer

Reclaim

Non-Lays PC Buyer
(as well as Lays PC Demand Decrease Buyer; still in PC market)

Key questions

- What are the key barriers for non-buyers to try Potato Chips?
- Why did lost Potato Chips buyers leave us?
- What are the triggers for Lays Potato Chips existing buyers to buy our Brand? Compare to other Brands?

Questionnaire contents..

Variables	Type	Description
Gender	Categorical	1=Male, 0=Female
Age	Ordinal	1=15-24 y.o; 2=25-34 y.o; 3=35-44 y.o; 4=45-54 y.o; 5= more than 54 y.o;
City Tier	Categorical	1=Key&A Cities; 0=B-D Cities
Life Stage	Categorical	Young Singles&Couples, Mixed Families, Teenager Families, Adult Families, Empty Nest Families
Monthly Income	Ordinal	1= less than 5k RMB; = 5-7k RMB; 3= 7-9k RMB; 4= 9-12k RMB; 5=12-16k RMB; 6= more than 16k RMB
Frequency	Ordinal	1= once for a few months; 2= 1-2 times/months; 3= 3-6 times/months; 4= >6 times/months
Annual Spend	Ordinal	1= less than 50 RMB; 2= 50-100 RMB; 3= 100-150 RMB; 4= 150-200 RMB; 5= more than 200 RMB
Channel	Categorical	Hyper, Super, CVS, Accepting, EC, O2O
Occasion	Categorical	Festivals, Friends, Chatting, TV, Outdoor, Study&Work, Diet
Attitude towards PC	Nominal	
Attitude towards Brands	Nominal	
Preference for different portfolios	Ordinal	Rated from 0 to 10

Objective 3. New Product Launch Suggestions

For Conjoint Analysis..

Attributes	Levels			
Package Size	Small Package (<=50g)	Medium Package (50-120g)	Large Package (110-220g)	Super Large Package (>220g)
Price	5 RMB	10 RMB	15 RMB	
Flavor	Mild	Strong	Sweet	Traditional Flavor
Texture	Thin	Thick		
Oil	Baked crisps(no oil added)	Deep-fried chips		

Collected samples..

Group	Number	Ratio
Non-PC buyers	187	20.7%
Non-Lays buyers/Lays lost buyers (but still in PC market)	201	22.3%
Lays current buyers	515	57%

What are the barriers to purchase Potato Chips for Non-PC Buyers?

	Total	Y&M	Adult	E. Nest	Teen	Y S&C
Main consumer	-	<15 y.o.	18-24, 35-44 y.o.	45-64 y.o.	<18 y.o.	25-34 y.o.
Key barriers (by demo only highlight differentiating barrier)	• **Not healthy** • High Calories • Much additives • Fried snack	• Less stock up needs after COVID *(less family time at home after Covid)* • Can't find package size I want (prefer Independent small pack, won't overeat)	(Same barriers as total)	• High health concern • Fried	• Negative info online	• Tired of eating *(segment lack of excitement)* • Can't find package size I want (prefer Independent small pack, convenient)
Competing category (rank by importance)	Nuts, cheese, seafood snack	Seaweed, Glico biscuits Snacking Cheese,	Nuts, bean snack, savory biscuit	Nuts, Chinese pastry, Dry Vegetable & Fruits	Nuts, cheese, Rice Cracker	Nuts, Glico biscuits, seafood snack
Key Insight	Need to bridge our brand with **healthy image to reduce barriers**	• Parents are critical gate keeper to **avoid overweight** • Need to communicate **consumption occasion** to encourage stock up	• **Low calories & natural ingredient** products are good to engage them	• Difficult for PC to fulfill their **functional healthy needs**	• Easily influenced by **online negative information**	• Like to seek **taste enjoyment and excitement** • **Convenient package** solution is value added
Action for Lays	• More resources on existing healthy concept product: **Simply/TARO/Yam** • Innovation on low calories snacks	• Communicate different **consumption occasion** • **Provide Convenient package**	• Expand penetration among **Simply/TARO**	• Some **occasion penetration** like CNY to promote the family reunion	• Positive Word-of-Mouth • **Digital engagement** to remove the concern	• Keep bring **PC new news** to them • **Provide Convenient package**

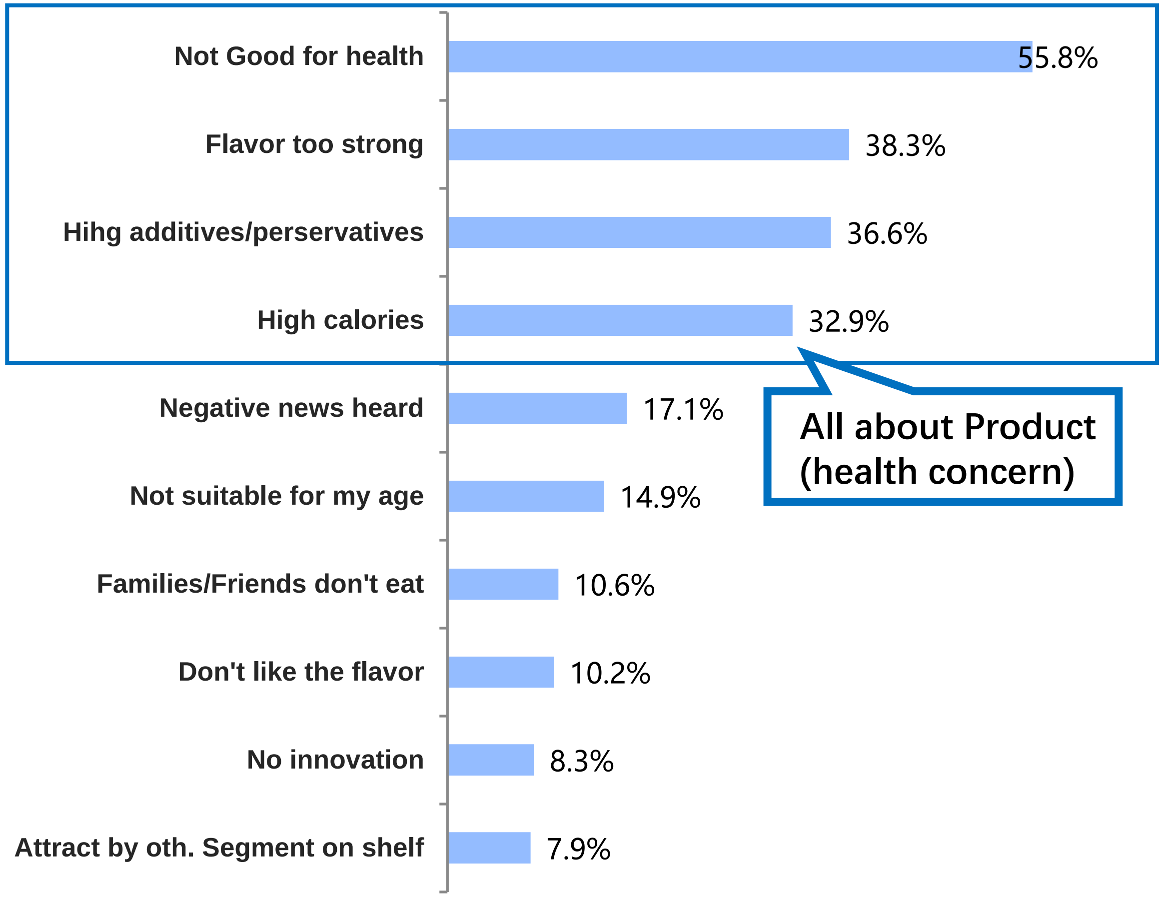
Data: Questionnaire Data

What are the Barriers of Lays Lost Buyers?

Objective 3. New Product Launch Suggestions

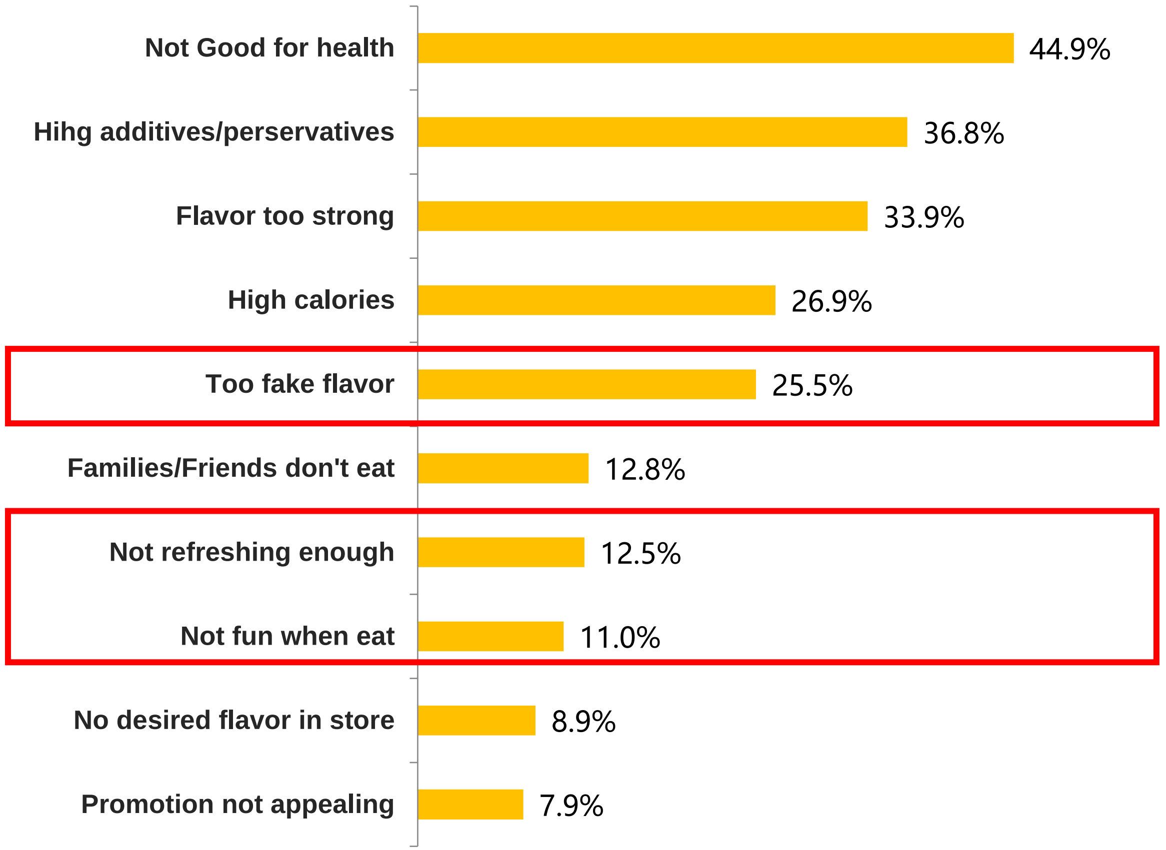
Questionnaire Design | Non-PC Buyers | **PC Buyers** | Summary & Recommendation

Top 10 Potato Chips Category Claimed Barriers among Non-PC Buyers



Sample Size: Non-PC buyers（157）

Top 10 Claimed Barriers among Brand Lost Buyers



Sample Size: Lays PC Lost（129）

Data: Questionnaire Data

What are the triggers to buy Lays Potato Chips?

- A number of Potato Chips brands **(observations)**
- Rated brands on attributes/comments such as "refresh myself", "not expensive", "attracting advertisement", etc. **(dimensions)**

A	B	C	D	E	F	G	H	I	J	K	L	M	N
brand	share_with_	good_for_st	healthier_th	refresh_myse	new_flavour	crispy	low_calo	lighter_	not_expe	attracti	many_cam	co-brand	unique_pac
Lays	4.2	4.1	2.2	3.7	4.7	4.1	2	2.8	3.1	3.8	4.1	4.2	3.6
ORION	4	4.1	3.8	3.6	1.4	3.3	3.9	3.7	3.3	3.1	2.1	1.8	1.9
COPICO	3.9	3.9	2.5	3.1	1.3	3.5	1.6	2.9	3.6	2.3	1.9	1.1	1.8
HONGTU	4	4.2	4.7	3.6	2	3.9	4.2	3.9	3.2	2.1	1.7	1.1	2.1
CALBEE	3.5	4.2	2.9	3.7	4.5	3.9	1.8	2.4	2.6	4	3.1	4	3.9
OISHI	3.5	3.8	2.2	3.1	1	3.5	1.7	2.8	3.3	1.3	1.1	0.2	1.8
PRINGLES	3.9	3.9	2	3.1	1.3	3.5	1.6	2.9	3.7	1	1.1	0.3	1.2

Two components explain **84.5 percent** of the variance in the ratings

	eigenvalue	percentage of variance	cumulative percentage of variance
comp 1	7.38550517	56.8115782	56.81158
comp 2	3.60341956	27.7186120	84.53019
comp 3	1.27908463	9.8391125	94.36930
comp 4	0.54334920	4.1796093	98.54891
comp 5	0.10693829	0.8226023	99.37151
comp 6	0.08170314	0.6284857	100.00000

Data: Questionnaire Data

Dim.1	Dim.2	variable	communality	uniqueness
<dbl>	<dbl>	<chr>	<dbl>	<dbl>
0.152	0.483	share_with_friends_and_families	0.257	0.743
0.813	0.511	good_for_stocking_up_at_home	0.923	0.0772
0.196	0.917	healthier_than_other_brands	0.880	0.120
0.904	0.391	refresh_myself	0.971	0.0289
0.948	-0.266	new_flavours_are_introduced_frequently	0.970	0.0300
0.784	-0.0975	crispy	0.625	0.375
0.128	0.979	low_calories	0.975	0.0247
-0.194	0.972	lighter_in_flavour	0.983	0.0171
-0.851	0.0748	not_expensive	0.731	0.269
0.926	-0.00112	attracting_advertisment	0.858	0.142
0.920	-0.161	many_campaigns_on_social_platforms	0.872	0.128
0.965	-0.178	co-branded_packaging	0.962	0.0378
0.957	-0.258	unique_packaging_designs	0.983	0.0168

Dimension 1

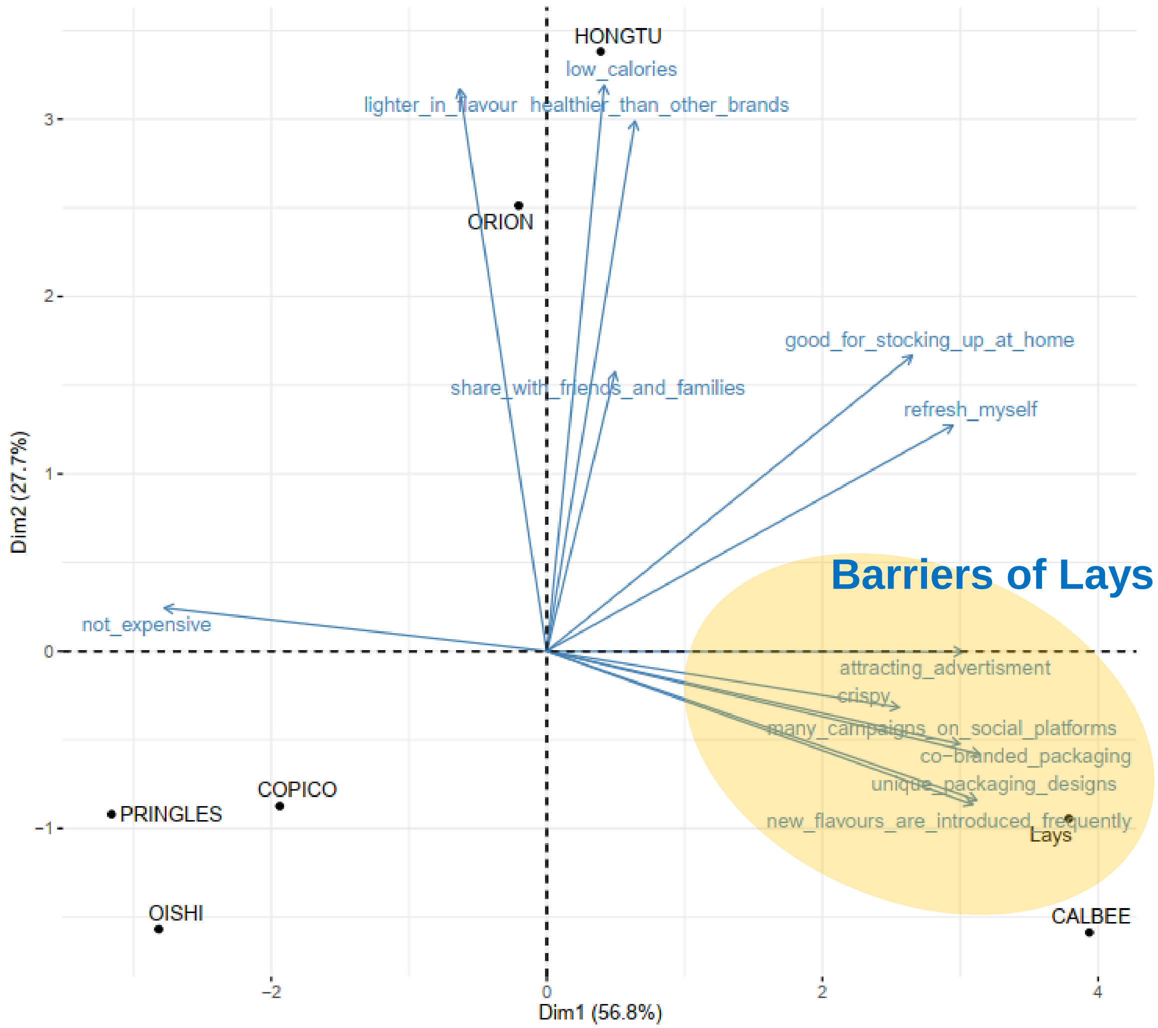
- ✓ Leisure, entertainment and advertisement

Dimension 2

- ✓ Health

Objective 3. New Product Launch Suggestions

Questionnaire Design | Non-PC Buyers | **PC Buyers** | Summary & Recommendation

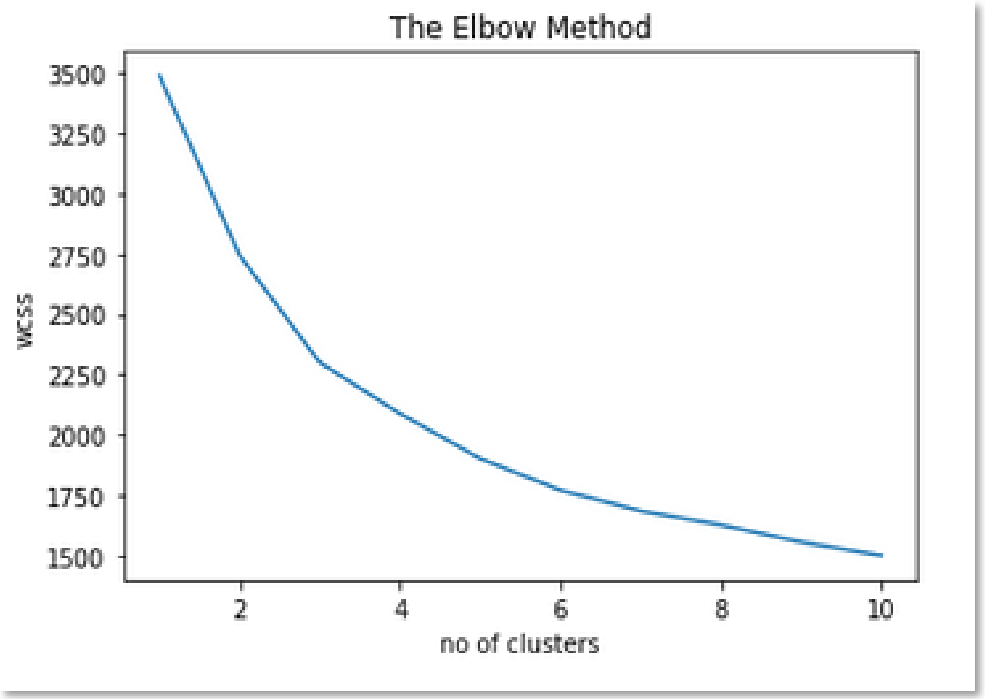


Lays scores highly on the first factor

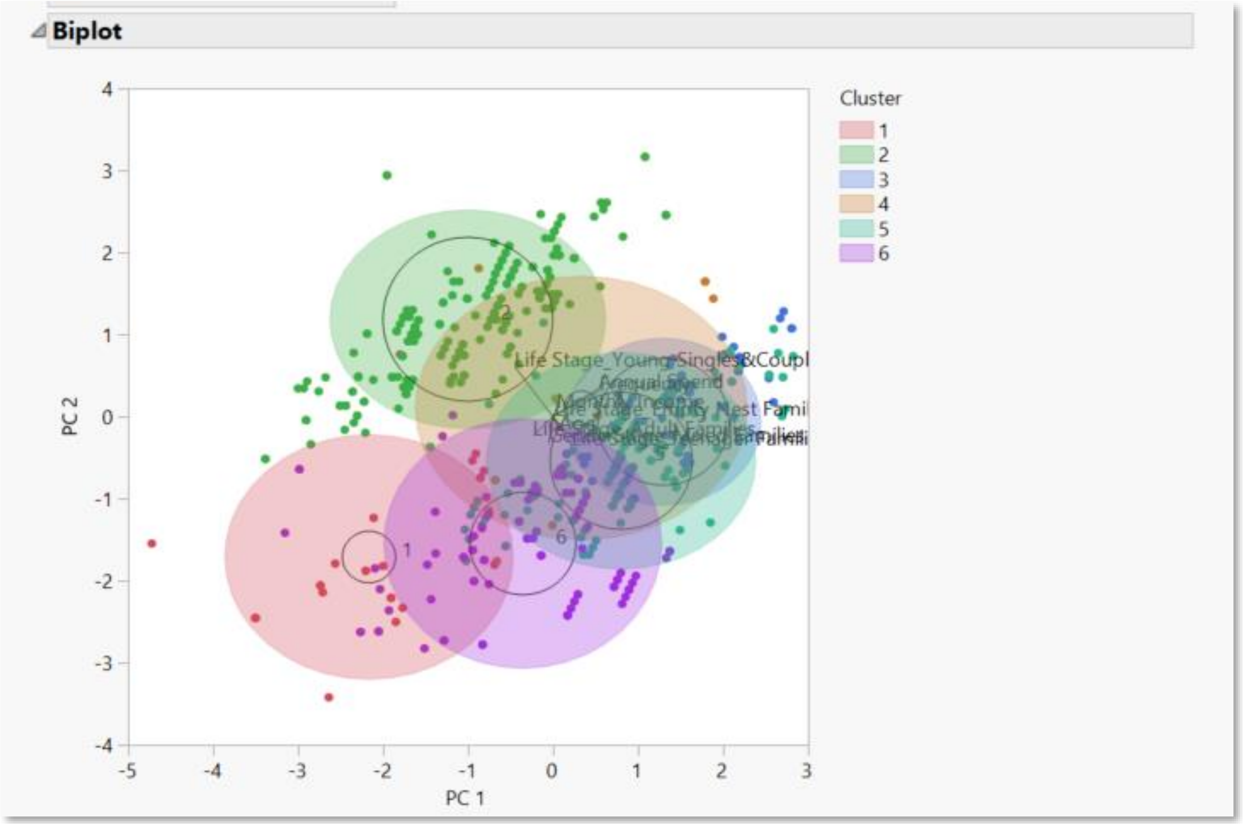
Data: Questionnaire Data

Who are the main customers of Potato Chips?

For the K-means clustering, only Demographic & Purchase data were used. By using the elbow method, a cluster of number of 6 was chosen.



Data: Questionnaire Data



Cluster Comparison

Method	NCluster	CCC	Best
K Means Cluster	3	6.72146	
K Means Cluster	4	16.6194	
K Means Cluster	5	36.5167	
K Means Cluster	6	40.7047	
K Means Cluster	7	35.9067	
K Means Cluster	8	42.6255	Optimal CCC

Columns Scaled Individually

K Means NCluster=6

Columns Scaled Individually

Cluster Summary

Cluster	Count
1	25
2	253
3	151
4	11
5	177
6	99

Step	Criterion
7	0

Data: Questionnaire Data

Objective 3. New Product Launch Suggestions

Questionnaire Design | Non-PC Buyers | **PC Buyers**

Data: Questionnaire Data

Objective 3. New Product Launch Suggestions

Profile 1 （N=253）

Demographic
- Predominantly 34-44 y.o
- High Income
- Teenager & Adult Families

Purchase Behavior
- Heavy buyers, mostly purchase PC 3-6 times/month

Occasions
- Festivals
- Stocking up at home

Channel Preference
- Hypermarket
- Supermarket
- E-commerce

Profile 2 （N= 151）

Demographic
- Predominantly females, 25-44 y.o
- Single & Mixed Families

Purchase Behavior
- Low Frequency
- High value per purchase occasion

Occasions
- Stocking up at home
- Chatting
- Outdoor
- Share with friends

Channel Preference
- CVS
- O2O
- Hypermarket

Profile 3 （N=177）

Demographic
- Young male, mostly 23-34 y.o

Purchase Behavior
- High frequency consumption, >3 times/month

Occasions
- Study & Work
- Stocking up at home
- Share with friends

Channel Preference
- CVS
- Supermarket
- Small Super

Profile 4 （N=99）

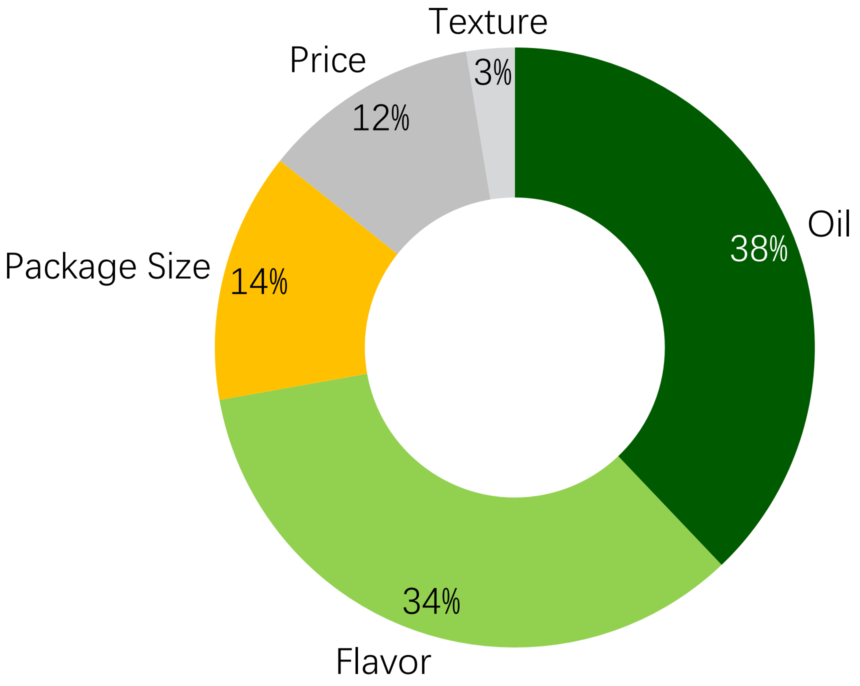
Demographic
- Adult Families
- Predominantly >35 y.o

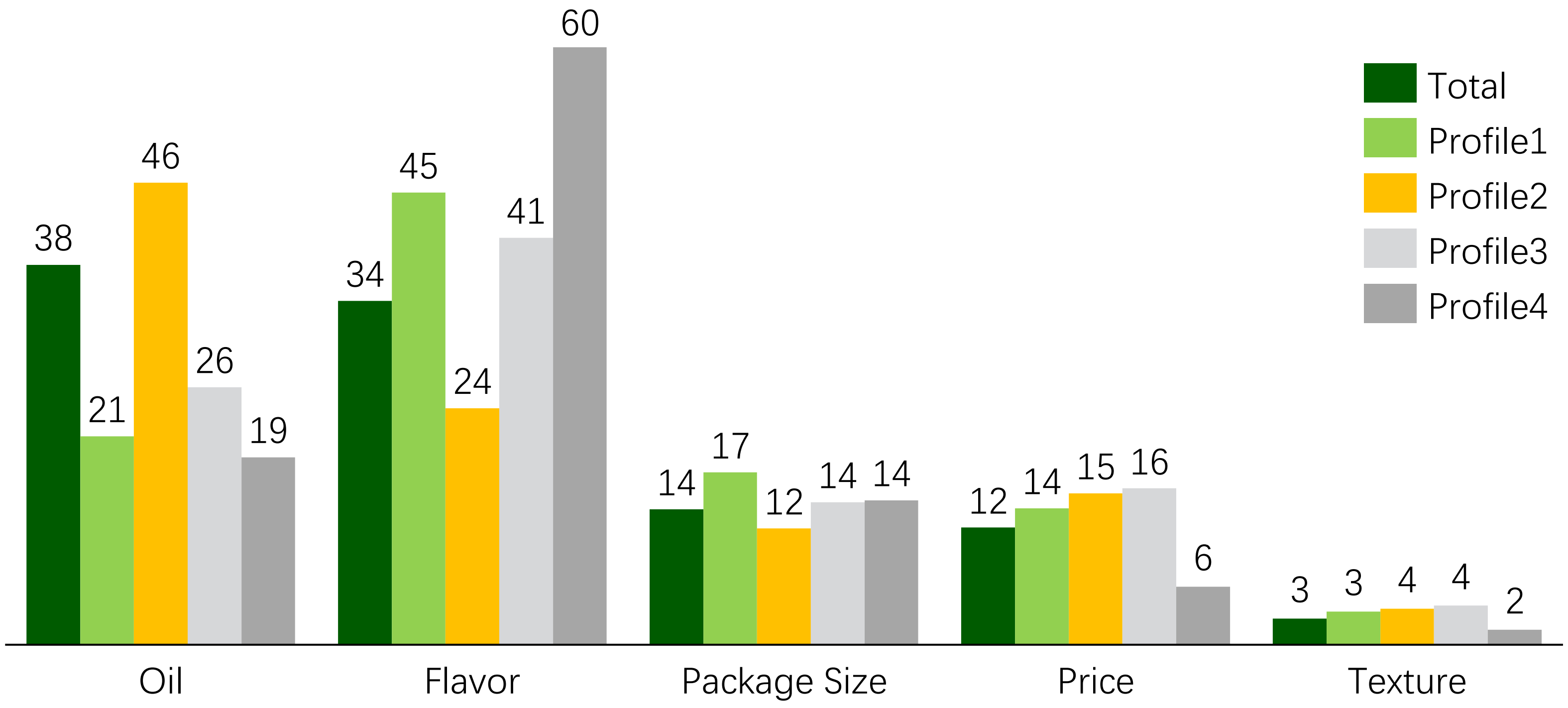
Purchase Behavior
- Purchase PC 3-6 times/ month, annual spend 150-200RMB

Occasions
- Festivals
- Watch TV

Channel Preference
- Small Super
- Supermarket
- CVS

Data: Questionnaire Data





Data: Questionnaire Data

Teenager & Adult Families: focus on middle-income families in A cities, high purchase frequency, prefer online channels; the main consumption scenes are festivals and family reunions.

Demographic

Index:
Teenager Family 113
Adult Family 117

Monthly Income 9-12K
Index: 104

A Cities
Index: 106

Purchase Behavior

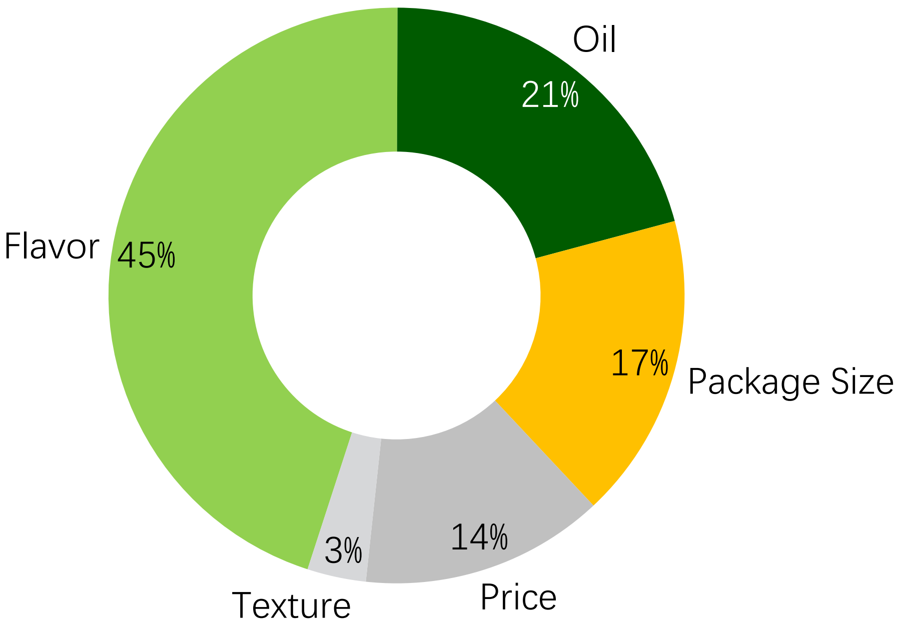
3 times/month Index: 126

Annual Spend > 150 RMB
Index: 128

Channel Preference

Occasions

Relative Importance of Attributes



**Index = Percentage of Consumer segmentation vs. Percentage of Overall PC Consumers *100*

Objective 3. New Product Launch Suggestions

Questionnaire Design | Non-PC Buyers | **PC Buyers** | Summary & Recommendation

Attribute	Level	Profile 1 Importance(%)	Utility
Oil	Baked crisps(no oil added)	20.8	-1.261
	Deep-fried crisps		1.261
Texture	thick	3.3	-0.201
	Thin		0.201
Flavor	Mild Flavor	45.1	-3.637
	Strong Flavor		1.843
	Sweet Flavor		1.272
	Traditional Flavor		0.522
Price	5 rmb	13.7	0.22
	10 rmb		0.719
	15 rmb		-0.94
Package Size	50g/pack, small	17.2	-0.75
	100g/pack, medium		-0.978
	150g/pack, large		0.621
	200g/pack, super large		1.107

Constant	4.984
Pearson's R Value	0.778
Pearson's R Sig	.000
Kendall's tau	0.619
Kendall's tau Sig	.000

- **Flavor & Oil** are identified as the most important factors
- Within flavor, the most utility was obtained from **strong flavor**
- **Super Large package size** is preferred

Recommendations

- Incorporating regional flavors as well as festive features into new product
- Innovation on sweet flavor (e.g. Honey butter chips of CALBEE can be benchmarked)

Data: Questionnaire Data

Young women: mainly from Single & Mixed family in B-D cities, prefer O2O and CVS channels; Socializing(sharing with friends and outdoor) is the main purpose of consumption

Demographic

Index:
Single & Mixed Family 115
Female 139
25-44 years old Frequency: 80%

Monthly Income 7-9K
Frequency: 40%

BCD Cities
Frequency: 70%

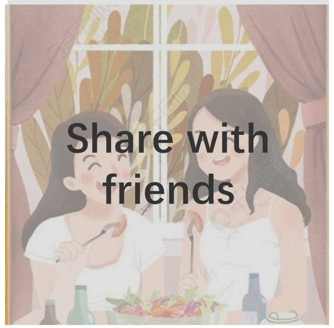
Purchase Behavior

<2 times/month Index: 132

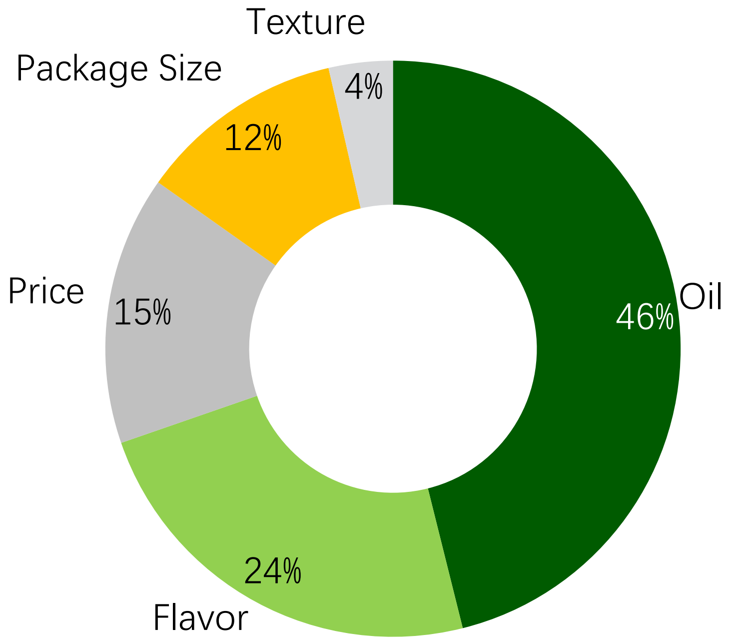
Annual Spend > 150 RMB
Index: 128

Channel Preference

Occasions



Relative Importance of Attributes



**Index = Percentage of Consumer segmentation vs. Percentage of Overall PC Consumers *100*

Objective 3. New Product Launch Suggestions

Questionnaire Design | Non-PC Buyers | **PC Buyers** | Summary & Recommendation

Attribute	Level	Profile 2 Importance(%)	Utility
Oil	Baked crisps(no oil added)	46.1	2.644
	Deep-fried crisps		-2.644
Texture	thick	3.6	0.208
	Thin		-0.208
Flavor	Mild Flavor	23.6	1.611
	Strong Flavor		-1.092
	Sweet Flavor		0.106
	Traditional Flavor		-0.625
Price	5 rmb	15.1	0.593
	10 rmb		0.54
	15 rmb		-1.133
Package Size	50g/pack, small	11.6	0.229
	100g/pack, medium		-0.815
	150g/pack, large		0.518
	200g/pack, super large		0.068

Constant	8.311
Pearson's R Value	0.765
Pearson's R Sig	.000
Kendall's tau	0.655
Kendall's tau Sig	.000

- To be in shape and healthy, women are especially conscious of **Flavor & Oil**
- Within flavor, the most utility was obtained from **mild flavor**
- **Large and small packages** are suitable for different scenarios

Recommendations

- Apply portable small packages and super large packages to current mild flavor products(e.g. nature taste and Taro Chips)

Data: Questionnaire Data

Young men: mainly from Single & Mixed family in B-D cities; heavy buyers of Potato chips; prefer Offline channels (Supermarket & CVS); the main consumption scenes are study & work as well as sharing with friends

Demographic

Index:

Single & Mixed Family 111

Male 119

25-34 years old 108

Monthly Income 7-9K 106

BCD Cities

Frequency: 70%

Purchase Behavior

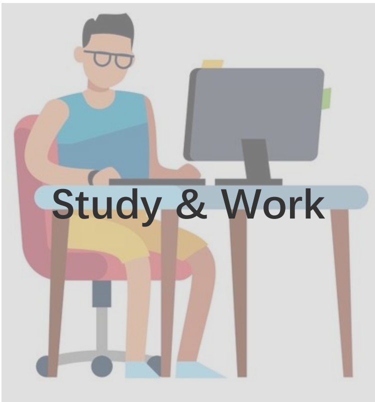
>3 times/month Index: 110

Annual Spend > 150 RMB

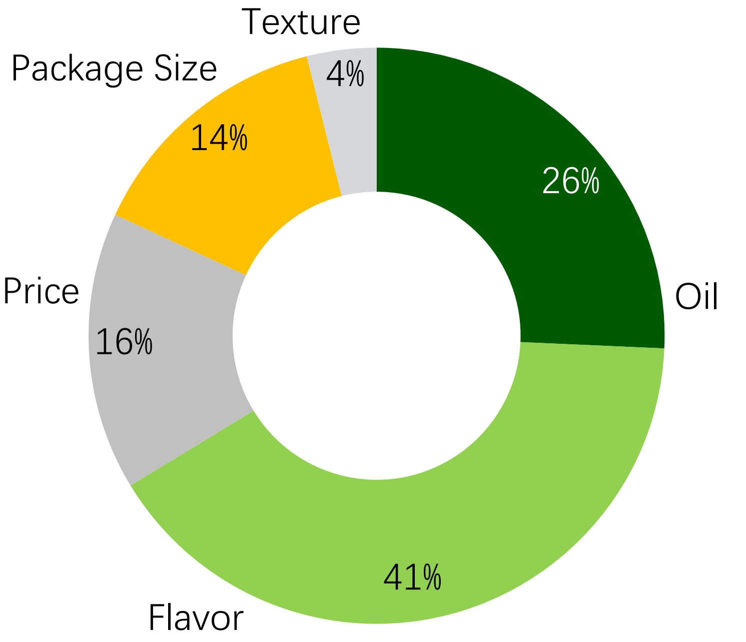
Index: 134

Channel Preference

Occasions



Relative Importance of Attributes



*Tendency Index = Percentage of Consumer segmentation vs. Percentage of Overall PC Consumers *100*

Data: Questionnaire Data

Objective 3. New Product Launch Suggestions

Attribute	Level	Profile 3 Importance(%)	Utility
Oil	Baked crisps(no oil added)	25.7	-1.571
	Deep-fried crisps		1.571
Texture	thick	3.9	-0.213
	Thin		0.213
Flavor	Mild Flavor	40.6	1.911
	Strong Flavor		5.932
	Sweet Flavor		-3.906
	Traditional Flavor		-3.937
Price	5 rmb	15.6	0.61
	10 rmb		0.413
	15 rmb		-1.023
Package Size	50g/pack, small	14.2	-1.322
	100g/pack, medium		0.129
	150g/pack, large		0.162
	200g/pack, super large		1.031

Constant	5.786
Pearson's R Value	0.687
Pearson's R Sig	.000
Kendall's tau	0.583
Kendall's tau Sig	.000

- Less concern about the functionality and health of the product
- **deep-fried crisp with strong Flavor** and **thin texture** is prefered
- **Super large package size** is prefered

Recommendations

- Introduce super large package size to current top-selling strong flavor products (e.g. Hotpot Series)
- Communicate sharing and relaxing image, combined with at-home scenarios

Data: Questionnaire Data

Adult & Empty Nest Families: mainly high-income families in B-D cities, prefer Ecommerce and CVS channels; the main consumption scenes are festivals.

Demographic

Adult Family Index： 117
Male 111

Monthly Income >12K
Index: 123

BCD Cities
Frequency: 80%

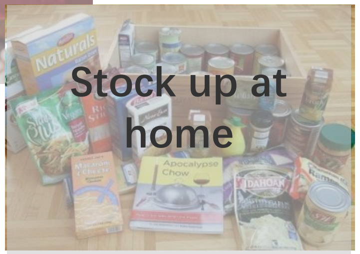
Purchase Behavior

<3 times/month Index: 113

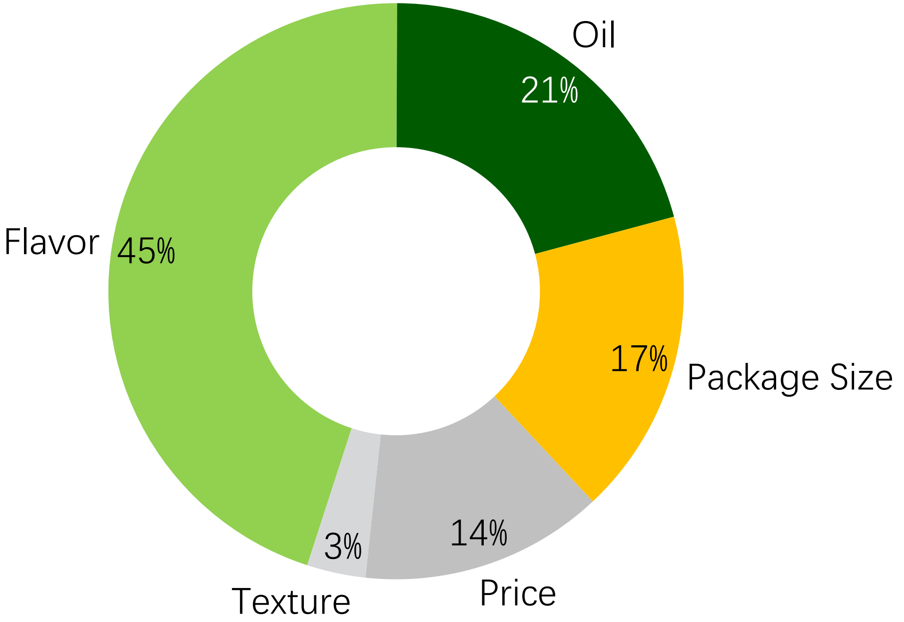
Annual Spend < 150 RMB
Index: 139

Channel Preference

Occasions



Relative Importance of Attributes



*Tendency Index = Percentage of Consumer segmentation vs. Percentage of Overall PC Consumers *100*

Data: Questionnaire Data

Objective 3. New Product Launch Suggestions

Attribute	Level	Profile 4 Importance(%)	Utility
Oil	Baked crisps(no oil added)	18.7	2.166
	Deep-fried crisps		-2.166
Texture	thick	1.5	0.172
	Thin		-0.172
Flavor	Mild Flavor	59.6	9.029
	Strong Flavor		-2.988
	Sweet Flavor		-4.773
	Traditional Flavor		-1.267
Price	5 rmb	5.8	0.459
	10 rmb		-0.884
	15 rmb		0.424
Package Size	50g/pack, small	14.4	0.052
	100g/pack, medium		-1.599
	150g/pack, large		-0.186
	200g/pack, super large		1.733

Constant	7.799
Pearson's R Value	0.799
Pearson's R Sig	.000
Kendall's tau	0.555
Kendall's tau Sig	.000

- **Flavor** is identified as the most important factor
- Within flavor, the most utility was obtained from **mild flavor**

Recommendations

Similar with Group 2

Data: Questionnaire Data

Objective 3. New Product Launch Suggestions

Key findings

For PC non/Lost buyers… — Barriers

Health
- ☐ High Calories
- ☐ Much additives
- ☐ Fried

Taste
- ☐ Lack of excitement

For Lays non/Lost buyers… — Barriers

- ☐ Too fake flavor
- ☐ Not refreshing enough
- ☐ Not fun when eat

For Lays buyers… — Triggers

Innovation
- ☐ New flavors introduced frequently

Communication
- ☐ Attracting advertisement
- ☐ Co-branded packaging

Recommendations

For PC non/Lost buyers…

- ➢ More resources on existing healthy concept product: Simply/TARO/Yam
- ➢ Innovation on low calories snacks
- ➢ Communicate health image of specific product lines

For Lays non/Lost buyers…

- ➢ Continue the multi-flavor strategy to expand penetration
- ➢ Further research among PC buyers for taste improvement

(See the results of conjoint analysis)

For Lays buyers…

- ➢ Keep introducing new products every season
- ➢ Continue communicating sharing and happiness image

Data: Questionnaire Data

For Total PC buyers…

Product Lines

- **Develop "Healthy + Portable" Concept Products---- apply portable small packages to current mild flavor products(e.g., nature taste and Taro Chips)**
- **Develop Family Sharing Packs---- Incorporate regional flavors as well as festive features into new products, with super larger package**
- **Innovation on sweet flavor (e.g., Honey butter chips)**
- **Apply super large package size to current top-selling strong flavor products and mild flavor products(e.g., Hotpot Series and Nature Series)**