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The Snacking Supernova

How to Win in the 2023 Snacking Universe

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In the vast snacking universe there are bright stars of growth

1 SNACKING SUPERNOVA

Snacking is still a lifestyle in the U.S. with younger generations fueling future sales potential with an uptick in 3+ snacks per day

The economic situation is impacting what snacks and size consumers buy

Many snack categories continue to be inelastic

2 SNACKING SUPERSTARS

Key themes include bold flavors, convenience – in and out of home, satiety, fun and indulgence, functional benefits for some, and snacking lifestyle

Smartphone apps have had a step climb as an influencer for purchasing snacks

U.S. migration across states impacts snack sales

3 THE PRIVATE GALAXY

Private Brands have given consumers choices and have realized increased sales, but not always growing categories

4 ONE SMALL STEP FOR SNACKS… ONE GIANT LEAP FOR WELLBEING

Natural channel continues as a location for discovery, and outpacing multioutlet

Functional benefits are evolving, ranging from category disrupters to brain health ingredients

Consumers continue to notice sustainable products despite inflationary pressure

5 AT THE SPEED OF LICENSING

In general, Food accounts for 11% of licensors and $18.5B in revenue

Global sales of licensed merchandise in F&B saw a 12.1% increase ('21 vs. '19); licensing added to product increases engagement and expands audience at shelf

Licensing is growing households when done well

6 SNACKING TO INFINITY & BEYOND

Opportunity for brands to drive additional revenue streams and engagement through social commerce

Creating partnerships with delivery companies and shopping experiences in the metaverse can drive revenue and is the last mile in the metaverse

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Snacking Supernova

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Snacking is still a lifestyle in the U.S.

49% of consumers snack 3+ snacks per day
+4 pts in 2 years, which = +8%

Although the younger generations have fueled the snacking lifestyle in the U.S., they also influenced other generations into snacking 3+ snacks per days:

18-24	58% of U.S. Consumers
25-34	68%
35-44	60%
45-54	43%
55-64	38%
65+	24%

Source: Circana 2023 Snacking Survey

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For those that snack 3+ days/every day, morning and late evening are largest growth occasions

EARLY MORNING	MORNING	AFTERNOON	EVENING	LATE EVENING
29% 2023	37% 2023	66% 2023	59% 2023	45% 2023
(+4 pts vs. 2YA)	(+6 pts vs. 2YA)	(+3 pts vs. 2YA)	(+2 pts vs. 2YA)	(+6 pts vs. 2YA)

Source: Circana 2023 Snacking Survey – consumes who snack 3+ days/every day

Younger generations are rocketing various dayparts, but appeal is across the entire day

	Early Morning	Morning	Afternoon	Evening	Late Evening
Total U.S.	29%	37%	66%	59%	45%
18 – 24 vs. Total U.S.	+5 pts	+3 pts	+6 pts	+6 pts	+14 pts
25 – 34 vs. Total U.S.	+16 pts	+8 pts	+9 pts	+11 pts	+13 pts
35 – 44 vs. Total U.S.	+9 pts	+10 pts	+4 pts	+4 pts	+7 pts

Source: Circana 2023 Snacking Survey - consumes who snack 3+ days/every day

The economic situation is impacting consumer actions

25% of consumers are buying what is on sale more often, rather than favorite brands (+3 pts vs. 2YA)

72% of consumers look at the price before choosing what to snack (+5 pts vs. 2 YA)

Source: Circana 2023 Snacking Survey

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These actions and increased prices impacted snacking growth in 2022

Total Store	$ % chg **12.0%** | U % chg **-2.9%**
F&B	$ % chg **12.6%** | U % chg **-2.6%**
Macro Snacks	$ % chg **18.7%** | U % chg **-2.2%**
Core Snacks	$ % chg **19.8%** | U % chg **-2.3%**
Expanded Snacks	$ % chg **15.7%** | U % chg **-2.0%**

Circana Omnichannel Year 2022 ending 01-01-23

Drilling into multi-outlet, we find that core snacks are faring better than F&B with higher price increases

This speaks to the inelasticity of many of the categories

TOTAL F&B

	2021	2022
$ Growth	2.1%	8.5%
Vol. Growth	-2.9%	-2.8%
PPV Change	5.1%	11.6%

CORE SNACKS

	2021	2022
$ Growth	6.7%	11.2%
Vol. Growth	1.5%	-1.8%
PPV Change	5.1%	13.2%

Source: Circana MULO+C – Year 2022 WE 01-01-23

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Price, premium, pack sizes trades offs and variety all drive increased dollars and soft units

Average Pack Size: Volume / Unit Change vs. YA

Price Tier	CY19	CY20	CY21	CY22
Branded Premium	0.6%	1.4%	-1.7%	-0.1%
Branded Mainstream	0.9%	-0.1%	0.4%	2.5%
Branded Value	-0.9%	1.1%	-1.0%	1.2%
Private Label	0.9%	5.8%	-1.4%	3.0%

Source: Circana MULO+C – Core Snacks - 52 weeks ending 2/26/23 | Premium: Avg. Price/Vol > 125 Index to Average, Value: Avg. Price/Vol < 75 Index to Average

We are starting to see brick & mortar thwarting online's share growth

	B&M	$ Share Change		Online
STORE	**86.0**	**-0.6**	→	**14.0**
F&B	**93.5**	**-0.1**	→	**6.5**
Macro Snacks	93.0	0.1		7.0
Core Snacks	93.1	0.0	—	6.9
Expanded Snacks	92.8	0.2	←	7.2

Pick-Up

68%

DOLLAR SHARE
(+1%)

Delivery/Ship

32%

DOLLAR SHARE
(+33%)

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Circana MULO+C – Year 2022 Week ending 01-01-23

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Exciting flavors, textures, innovation and social engagement help drive continued growth in non-chocolate and tortilla chips

MULO+C	Dollars % Change	Units % Change	Volume % Change
Chocolate Candy	+9.1%	-4.2%	-2.5%
Non-Chocolate Candy	+13.8%	+0.3%	+0.2%
Potato Chips	+14.7%	-0.4%	-0.8%
Cookies	+11.5%	-4.7%	-3.2%
Crackers	+12.8%	-3.5%	-2.3%
FZ Novelties	+10.3%	-2.8%	-2.0%
Tortilla / Tostada Chips	+17.5%	+1.7%	+0.2%
Dairy Yogurt	+9.9%	-6.5%	-3.3%
AO Salted Snacks (No Nuts)	+16.9%	-2.9%	-3.0%
Ice Cream	+4.9%	-3.4%	-4.0%
Snack Nuts	-2.0%	-6.0%	-4.1%
Dried Meat Snacks	+0.8%	-8.5%	-7.1%

Circana MULO+C – Year 2022 Week ending 01-01-23

Consumers are snacking more often, but not always on the same snacks everyday

Circana MULO+C – Year 2022 Week ending 01-01-23 – Top Unit Sales Gainers

Sizes Serve Different Purposes

20% of consumers are buying less assortment of snacks for the household to save a little money (+7 pts vs. 2 YA)

61% of consumers eat snacks that have convenient portion sizes (+3 pts vs. 2YA)

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Pack size trade offs are evident when looking at large and smaller sizes across categories

This is influenced by front end and multi / variety packs

Product – CY 2022	% Change vs. YA	U Share YTD
CHOCOLATE CANDY	-4.2%	
Smaller Sizes < 3.5oz (LT)	-5.5%	60%
Larger Sizes > or = 3.5oz	-2.2%	40%
NON-CHOCOLATE CANDY	0.4%	
Smaller Sizes < 3.5oz (LT)	2.9%	39%
Larger Sizes > or = 3.5oz	-1.2%	61%
POTATO CHIPS	-0.4%	
Smaller Sizes = Less Than or Equal to 4.2oz	3.0%	29%
Larger Sizes = Greater than 4.2oz	-1.9%	67%
COOKIES	-4.7%	
Smaller Sizes < 3oz (LT)	-12.6%	12%
Larger Sizes > or = 3oz	-3.5%	88%
CRACKERS	-3.5%	
Smaller Sizes = Less Than or Equal to 4.2oz	-5.2%	15%
Larger Sizes = Greater than 4.2oz	-3.8%	81%

Product – CY 2022	% Change vs. YA	U Share YTD
FROZEN NOVELTIES	-2.8%	
Smaller Sizes = Less Than or Equal to 4.2oz	-12.3%	17%
Larger Sizes = Greater than 4.2oz	-1.2%	79%
TORTILLA / TOSTADA CHIPS	1.7%	
Smaller Sizes = Less Than or Equal to 4.2oz	6.3%	28%
Larger Sizes = Greater than 4.2oz	0.0%	70%
AO SALTED SNACKS (NO NUTS)	-2.9%	
Smaller Sizes = Less Than or Equal to 4.2oz	0.9%	37%
Larger Sizes = Greater than 4.2oz	-4.6%	62%
SNACK NUTS	-6.0%	
Smaller Sizes = Less Than or Equal to 4.2oz	-6.8%	30%
Larger Sizes = Greater than 4.2oz	-6.8%	58%
DRIED MEAT SNACKS	-8.5%	
Smaller Sizes = Less Than or Equal to 4.2oz	-9.2%	85%
Larger Sizes = Greater than 4.2oz	-5.3%	13%

Circana 2023 Snacking Survey

Nearly half of consumers seek snacks in multi / variety packs, but downsizing is occurring

48% of consumers state they look for multi / variety packs for more snacking options

40% of consumers buy multi / variety packs so family members get the snack they want

39% of consumers purchase them for more affordable options

32% of consumers purchase them because they provide portion control options

32% of consumers buy them because they are more convenient than large packages

29% of consumers state multi / variety packs help control food waste

49%
(+8 pts vs. 1 YA)
of consumers look for snacks that come in a multi / variety packs

+20%
$ sales
(-2%) units
+0.1%
volume

Circana 2023 Snacking Survey; MULO+C – Year 2022 Week ending 01-01-23

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In the vast snacking universe there are bright stars of growth

Snacking Superstars

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As we think about the snacking journey, there are themes driving success today and beyond

62% of consumers want snacks that are fun to eat
Snacking is fun and indulgent

54% of consumers say snacks are an important part of their healthy eating plan throughout the day (+7 pts vs. 2 YA)
Functional benefits

66% of consumers snack to fuel the day (+6 pts vs. 2 YA)
Satiety in different forms

83% of consumers want snacks that have the flavor they prefer
Bold flavors are snacking fan favorites

71% of consumers don't plan when they will eat snacks, they just grab one as they need it (+2 pts vs. 2 YA)
Convenience – in and out-of-home

50% of consumers often eat snacks instead of a meal because they are on the go (+6 pts vs. 2 YA)
Snacking lifestyles

Circana 2023 Snacking Survey

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True indulgence continues to outpace the other snacking segments

But all snacking segments are getting a share of consumers' wallets

	Dollar Share	$ Share CHG	$ % Change	U % Change
BFY / Wellness	26.4	-0.9	7.3%	-5.0%
Permissible Indulgence	24.4	0.0	10.9%	-3.0%
Indulgence	31.2	0.9	14.4%	-0.4%
Treating	18.0	0.0	11.1%	-2.0%

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Source: Circana MULO+C – Calendar Year 2022 Ending 01-01-23

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Stars within each segment are driving growth

Better-For-You

Snack Nuts
Crackers
Frozen Fruit
Granola Bars
Natural Snack Cheese
Rice Cakes / Popcorn Cakes

Permissible Indulgence

Potato Chips
Cheese Snacks
Granola Bars
AO RFG Meat / Cheese Trays
Perimeter Bakery Snacks
Nutritional Health Bars

True Indulgence

Total Doughnuts
Corn Snacks (No Tortilla Chips)
Tortilla / Tostada Chips
Total Store Cookies
Total Muffins
Toasted Corn Nuts

Treating

Sugarless Gum
Non-Chocolate Candy
Breath Fresheners Regular

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Source: Circana MULO+C – Calendar Year 2022 Ending 01-01-23 – Select Categories; Total denotes Center Store + Perimeter

Consumers buy and use snacks for various reasons

54%
(+2 pts vs. 2 YA)

of consumers like to eat snacks that add excitement to their daily diet

46%
(+6 pts vs. 2 YA)

of consumers often eat snacks immediately before / during / immediately after my workout as an energy boost

34%
(+7 pts vs. 2 YA)

buy snacks to support the diet I follow (e.g., Atkins, Keto, Paleo, etc.)

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The snacking universe is appealing to consumer health and wellbeing needs

This is true, whether supporting mental wellbeing or weight control

Help Support Mental Wellbeing

- Chocolate 36%
- Fruit-Based Drinks / Smoothies 33%
- Fresh Vegetables 32%
- Non-Chocolate 31%
- Fresh Fruit 31%
- Dairy / Yogurt-Based Beverages 30%
- Snack / Granola Bars 30%
- Ice Cream 27%
- Meat Snacks 27%
- Snack Nuts 26%

Help Manage My Weight

- Fresh Vegetables 54%
- Snack / Granola Bars 47%
- Fresh Fruit 47%
- Dairy / Yogurt-Based Beverages 41%
- Yogurt 40%
- Fruit-Based Drinks / Smoothies 39%
- Snack Nuts 32%
- Meat Snacks 27%
- Non-Chocolate 23%
- Crackers 23%

Source: Circana 2023 Snacking Survey % of Consumers Over 20%

…or even assisting consumers with help supporting immunity and gut health

Help Support Immunity / Strengthen Immune System

- Fresh Vegetables 50%
- Fresh Fruit 49%
- Fruit-Based Drinks / Smoothies 43%
- Dairy / Yogurt-Based Beverages 37%
- Snack / Granola Bars 35%
- Meat Snacks 27%
- Snack Nuts 27%
- Chocolate 22%
- Non-Chocolate 23%
- Yogurt 35%

Help Support Gut Health / Healthy Digestive System

- Yogurt 58%
- Dairy / Yogurt-Based Beverages 50%
- Fresh Vegetables 48%
- Fruit-Based Drinks / Smoothies 46%
- Fresh Fruit 42%
- Snack / Granola Bars 34%
- Snack Nuts 29%
- Non-Chocolate 22%
- Meat Snacks 22%

Source: Circana 2023 Snacking Survey - % of Consumers Over 20%

Energy drinks may not be a traditional snacking category, but they are competing for consumer attention and needs

53% of consumers say energy drinks provide energy / fuel

they also say energy drinks help support

35% mental well-being

31% immunity

+11%
$ % change

+5%
U % change

Circana 2023 Snacking Survey; MULO+C Year 2022 Week Ending 01-01-23

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Over the past couple years, we have discussed category blurring, and they continue to do so

FROM predominantly satisfying sweet craving / indulgent

TO hunger satisfaction / satisfy savory craving

FROM predominantly satisfying sweet craving / indulgent

TO provides energy / satisfy craving for crispy

FROM predominantly satisfying salty craving / satisfy craving for crispy / hunger satisfaction

TO satisfy sweet craving / helps achieve daily nutritional goals

Source: Circana 2023 Snacking Survey - % of Consumers Compare vs. 2021; Gains and Losses

In fact, almost a quarter of young consumers are enjoying confections as a mid-day treat

23%	22%	27%
Chocolate Lunch	**Non-Chocolate**	
18-24 and 25-34	18-24	25-34

Circana 2023 Snacking Survey

Tried and true flavors are driving the most dollar sales across the universe

Chocolate Chip

Chocolate

Cheese

Nacho Cheese

Flamin' Hot

Honey

Cheddar

Sour Cream & Onion

Peanut Butter

BBQ

Source: Circana MULO+C YTD Ending 10/30/22 – Dollar Sales Rank

However, there is a different view when looking at unit sales change and it is clear that variety still rules

SWEET

Oreo
Almond Butter
Chicharrones
Powdered Sugar
Glazed

BLENDS

Nacho Cheese
Cool Ranch
White Cheddar Cheese
Three Cheese
Sour Cream & Onion
Sweet & Salty Kettle Corn
Barbeque
Cheddar Cheese

HOT & SPICY

Flamin Hot Cool Ranch
Mexican
Flamin Hot Cheddar Sour Cream
Hot Chili Pepper & Lime
Hot Chili Pepper
Cheddar Jalapeno

Source: Circana MULO+C YTD Ending 10/30/22n – Unit Sales Change Rank

We see exciting flavors that have hit the spot when looking at top unit % change growth

SWEET

Cinnamon
Chocolate Nut
Cookies & Cream
Rainbow Marshmallow
Drizzled
Midnight Berry
Rainbow Chocolate Chip

TANGY*

Lime
Tangy Tamarind

BLENDS

Chile & Cheese
Fudge Coconut & Caramel
Cinnamon Peanut Butter & Cocoa
Strawberry & Squash
Apple & Carrot

HOT & SPICY

Flamin Hot
Sweet Carolina Reaper
Scorchin Hot Cheddar
Scorchin Loaded Nacho
Roulette Cool Ranch

*Source: Circana MULO+C YTD Ending 10/30/22 – Unit % Change (Does not include Top Unit Sales Ranked); *SPINS Natural Enhanced Channel & Circana Multi-Outlet enriched by SPINS Product Intelligence 52 WE 2.26.23)*

Consumers are spending across all retailers, but also driving unit growth at club and military

Channel Growth	Dollar % Change	Units % Change
Core Snacking	22 vs. 21	22 vs. 21
Food	+8.5%	-4.7%
Convenience	+11.9%	-0.7%
Club	+15.5%	+3.4%
Mass (T+W)	+14.5%	-0.3%
Drug	+5.0%	-8.0%
Dollar	+11.0%	-6.2%
Military	+14.7%	+8.2%
Online	+11.2%	-5.8%

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Source: Circana MULO+C – Calendar Year 2022 Ending 01-01-23

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The convenience channel is transforming and leaning into the trends, especially with foodservice traffic

PCYA = Percent change vs. one year ago
AO Retail Foodservice = All Retail excluding C-Stores
Source: The NPD Group/CREST®, 12 ME Dec '22

Categories that continue to grow in convenience are those that can be eaten on-the-go

Unit Change vs. YA

Circana TSV Model – Convenience - 52 Weeks Ending 01/03/2023

Sizes above five ounces are growing

But items under five ounces win out within the Convenience Channel

Source: Circana select C-stores, 52 w/e 12/25/22

The convenience channel continues to realize growth across all dayparts

Total snack % growth by time of day vs. 2021 and 2020

Source: Circana select C-stores, 52 w/e 12/25/22

Consumer need states are where high growth can be seen within the channel

Energy Claims

19% $ % Chg. vs. YA

11% U % Chg. vs. YA

Probiotic Claims

3% $ % Chg. vs. YA

3% U % Chg. vs. YA

Immunity Claims

82% $ % Chg. vs. YA

61% U % Chg. vs. YA

Vegan Claims

103% $ % Chg. vs. YA

91% U % Chg. vs. YA

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Circana TSV Model – Convenience - 52 Weeks Ending 01/03/2023

Convenience app / reward program usage saw an uptick in 2022

Currently almost half (46%) of convenience consumers are a part of a Loyalty Program, leaving room for growth

- Inflation and rising gas prices give reason for retailers to incentivize consumers to join through rewards
- Of those who are on a Loyalty Program, 40% are exclusive to that retailer
- 35% of consumers buy something additional when they redeem rewards

Mintel – US Convenience Store Foodservice 2023 / Convenience Stores – US 2022

Delivery has expanded in convenience

This is thanks to apps and new partnerships delivering growth opportunities outside of the store, all day long

7Now Delivery

7Now Gold Pass subscription delivery service, offering free 30-minute delivery on 3,000 products for a monthly fee

Wawa Online Delivery

Wawa's Online Ordering App allows customers to save money and earn rewards on those purchases when made within the app

Circle K Delivery

Partnership with Food Rocket

Casey's Delivery

Casey's partnership with Doordash allows delivery on Pizza, Appetizers, and Grocery items across 600 stores

Mintel – US Convenience Store Foodservice 2023 | PYMNTS.com "Convenience Stores Grapple With Third Party Delivery Economics"

We predicted snack influencer tactics would change over time, especially with increased smartphone apps

Consumer Influences

- Item price – 72%
  (-2 pts vs. 2 YA)
- Previous use and trust of the brands – 68%
  (-8 pts vs. 2 YA)
- Product packaging – 51%
  (-4 pts vs. 2 YA)

Consumer Influences

- Smartphone apps – 35%
  (+8 pts vs. 2 YA / +11 pts vs. 5 YA)
- In-Store Kiosks – 35%
  (+4 pts vs. 2 YA / +7 pts vs. 5 YA)
- Online ads and banners – 34%
  (+3 pts vs. 2 YA / +9 pts vs. 5 YA)
- Info. from website / email – 33%
  (+1 pts vs. 2 YA / +7 pts vs. 5 YA)
- Mentioned / recommended by store clerk – 33%
  (+6 pts vs. 2 YA/+9 pts vs. 5 YA)

Source: Circana 2023 Snacking Survey

Snacking sales has been impacted in the states most affected by consumer moves / migration

Thus, a call to action is needed to reassess assortments to align to new consumers within regions and states

2022 State Rank by U-HAUL Growth / Decline			Core Snacks $ Gains / Loss
2	Florida	↑	$391.6MM
1	Texas	↑	$246.8MM
4	North Carolina	↑	$127.0MM
3	South Carolina	↑	$106.8MM
50	California	↓	-$367.5MM
46	New York	↓	-$286.0MM
49	Illinois	↓	-$137.8MM
47	Massachusetts	↓	-$64.4MM

Source: Rankings based on Net Gains; One-way Trucks arrival vs. Departure in calendar year. UHAUL - TX topped the charts for 2021-22 and 5th time since 2016; Florida has been in Top 3, seven years in a row; Top 4/Bottom 3 States are common among UHAUL/UVL 2022 data and Census weighted POS metrics; CY 2022 $/U Sales State wise vs. YAG; Per Capita Sales x Net Domestic Migration (2020-2022 Cumulative change)

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The Private Galaxy

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Private brands realized dollar growth

61% of consumers stated they switch to private brands when their budget is tight (+5 pts vs. 2 YA)

Largest Unit Share Segments

- Perimeter cookies
- RFG pastry, danish & coffee cakes
- FZ fruit
- Natural chunks cheese
- Natural cheese cubes
- FZ cookies
- Nutritional snacks / trail mixes
- Total doughnuts
- Total muffins
- Sherbet, sorbet & ices

13% dollar share

+12% change vs. YA

Units relatively flat with -0.4% change vs. YA

Source: Circana MULO+C – Calendar Year 2022 Ending 01-01-23; Total Denotes Center Store + Perimeter; 2023 Snacking Survey

For the last 5 years, private brands has held constant at 13% dollar share

But private brands have made positive gains across several categories for both dollars and units

RFG Snack Cakes & Doughnuts

RFG Pastry, Danish & Coffee Cakes

FZ Cookies

Aerosol & Squeezable Cheese Spreads

Rfg Handheld Non-Breakfast Entrees

PRIVATE BRAND CATEGORIES GAINING 5+ SHARE POINTS UNIT & DOLLAR OVER THE LAST 5 YEARS

Nutritional Snacks / Trail Mixes

Snack Nuts

AO Snacks / Granola Bars / Clusters

Pork Rinds

Deli RFP Dips

Source: Circana MULO+C – Calendar Year 2022 Ending 01-01-23 – Ranked on Dollar Share Growth

However, these categories witnessed private brands declining unit and dollar sales in 2022

FZ Pretzels

Ice Pop Novelties

FZ Ice Cream & Ice Milk Desserts

Frozen Dips

Dry Fruit Snacks

Source: Circana MULO+C – Calendar Year 2022 Ending 01-01-23; Select categories based on dollar and unit change vs. YA

Success for private brands and branded CPG is in growing household penetration, frequency and/or buy rate

In 2022, These categories gained PL Share in Q4, however the story is different for winning categories

$ - Flat
HH % - Flat
Buy Rate ↓

RFG Snack Cakes & Doughnuts

$ - ↑
HH % - ↑
Buy Rate ↑

RTE Popcorn / Caramel Corn

$ - ↑
HH % - ↑
Buy Rate ↑

AO RFG Meat, Cheese, Crackers, & Dessert

Source: Circana MULO+C & All Outlets – Calendar Year 2022 Ending 01-01-23

In the vast snacking universe there are bright stars of growth

One Small Step for Snacks… One Giant Leap for Wellbeing

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Taste and flavor are still important and top answers of the survey; however,…

85% of consumers want snacks that have the taste they enjoy (-8 pts vs. 2 YA)

68% of consumers want snacks that have premium flavors and/or premium quality (-2 pts vs. 2 YA)

83% of consumers want snacks that have the flavor they prefer (-6 pts vs. 2 YA)

62% of consumers want snacks that are fun to eat (-5 pts vs. 2 YA)

…the need for functional benefits continues to be important to snack consumers

61% of consumers want snacks that contain vitamins and minerals (+5 pts vs. 2 YA)

59% of consumers want snacks that contain additional health benefits beyond nutrition (e.g., antioxidants, micronutrients, etc.) (+4 pts vs. 2 YA)

57% of consumers want snacks that are high in protein

55% of consumers want snacks that provide a serving of fruit or vegetables (+6 pts vs. 2 YA)

48% of consumers want snacks that provide 'probiotics' to help with digestion (+9 pts vs. 2 YA)

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The natural channel continues as a location for discovery and is outpacing multi-outlet

This is especially true for wellness positioned products

Total Wellness Positioned Products

Natural Positioned		Specialty & Wellness Positioned	
-4.3%	-5.6%	-0.2%	-0.3%
Natural Channel Units	MULO Units	Natural Channel Units	MULO Units

Conventional Products

+2.0%	-3.4%
Natural Channel Units	MULO Units

Source : SPINS Natural Enhanced Channel & Circana Multi-Outlet enriched by SPINS Product Intelligence; 52 WE 02.26.23

Better-for-you benefits are now found in traditional snack categories

As well as indulgent flavors and ingredients into traditional BFY

Chips, Pretzels & Snacks

Grain Free

Functional Snacking

Jerky & Meat Snacks

Plant-Based

Animal Welfare

Giving Back

Global Flavors

Rice Cakes

Organic

Indulgence

Cookies, Bars & Crisps

Grain Free

Circana. SPINS®

Source : Trends derived via SPINS Product Intelligence

Product innovation focused on functional health and no/low sugar continue to realize strong growth

Super Mushrooms in Cookies & Snack Bars

+40%

Chips, Pretzels, Snacks with 15+ Grams Protein

+40%

Allulose: The Rising Sugar Alternative

Alternative Sweetener Type

** % Represents $ % Change YoY (vs. same time LY)*

Source : SPINS Natural Enhanced Channel & Circana Multi-Outlet enriched by SPINS Product Intelligence); 52 WE 02.26.23, Product Intelligence - Functional Ingredients

Brands and retailers are recognizing key white space opportunities to bring allergen and sensitivity free foods to more categories

With food allergies on the rise (~32MM Americans have food allergies), it is critical that shoppers are given options to easily locate them

+25.0%
sales % change YA

+8.7%
units % change YA

Labeled Allergen Friendly

Source : SPINS Natural Enhanced Channel & Circana Multi-Outlet enriched by SPINS Product Intelligence; 52 WE 02.26.23. Product Intelligence – Allergen Friendly https://www.foodallergy.org/resources/facts-and-statistics

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We are seeing functional benefits evolve ranging from category disrupters to brain health ingredients

Next Gen Ingredients Are Category Disruptors, Like Animal Free Dairy Proteins

Some are derived through precision fermentation, considered a sustainable alternative to animal derived milk proteins

28% of consumers are looking for vegetarian snacks (+9 pts vs. 2 YA)

23% of consumers are looking for vegan snacks (+6 pts vs. 2 YA)

Other Trending Ingredients: Digestive Health, Mood Support and Performance Management

Attribute / Ingredient YoY Growth $

Maca: +3%
Super Greens: +9%
Collagen: +11%
Nootropics: +26%

Source : SPINS Natural Enhanced Channel & Circana Multi-Outlet enriched by SPINS Product Intelligence; 52 WE 02.26.23: Ingredient – Non Animal Dairy Protein; Circana 2023 Snacking Survey

Fresh snacking is removing preservatives while adding benefits

Plant-Based Positioned

Snack Packs

RTE Plant-Based

Source : Trends derived via SPINS Product Intelligence

Consumers continue to pay attention to products that prioritize sustainability despite inflationary pressures

While value is important, sustainability-oriented consumers place a higher priority on purchases with their values than the typical shopper

Certified Fairtrade America

+5.9%
Sales

+2.9%
Units

Animal Well-Being

Jerky & Meat Snacks

Labeled Grass Fed

+18.2%	+8.8%
Sales	Units

Labeled Free Range

+32.3%	+16.9%
Sales	Units

Labeled Animal Welfare

+14.3%	+15.2%
Sales	Units

Upcycling

$ Sales of Certified Upcycled Snacks

Source : SPINS Natural Enhanced Channel & Circana Multi-Outlet enriched by SPINS Product Intelligence 52 Weeks Ending 02.26.23

In addition, consumers are shifting mindsets with loss of interest in calorie-counting diets

They are moving toward a modern focus on health and healthy eating to feel good

Top growth subjects are led by titles that promote the power of healthy food, whether natural, plant-based, grain-free, gluten-free, or dairy-free. **Bottom declining subjects** highlight loss of interest in calorie-counting diets and losing weight/dropping sizes.

Source: Circana BookScan™ through month ending December 2022, U.S. print sales only

In the vast snacking universe
there are bright stars of growth

At the Speed of Licensing

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Licensing is a $261B global business

- The U.S. accounts for half the licensing revenue
- Food accounts for 11% of licensors and $18.5 billion in revenue
- Circana now offers CPG clients unparalleled views of licensing via the Circana Entertainment Group

Source Licensing International, Global Licensing Industry Study, 2022

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Global sales of licensed merchandise in food and beverage saw a 12.1% increase (‘21 vs. ’19)

licensing added to product increases engagement and expands audience at the shelf

Snacks

Biscuits / Canned Goods

Refrigerated

Fresh / Frozen

Source Licensing International, Global Licensing Industry Study, 2022

Toy companies are returning the favor

Shopkins – Real Littles

$37.2M sales | +54% growth last 12 months

MGA Mini-verse – Make It Mini Food

NEW! April 2023 | launch in toy stores and grocers

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Source: Circana U.S. Toys POS, 12 mo. Ending Feb 2023

You can find forward-thinking ideas from different influencers like creator partnerships

EXAMPLE: Harness the speed and innovation of independent creators by actively seeking them out and folding them into your brand universe for nimble brand extensions and limited collaborations

Look to sites like Etsy, Ravelry, D-Pop, Instagram, and TikTok for creators who love your brand, and leverage their passion

You can even find additional innovation inspiration from Foodservice and GM

CPG Moving to Foodservice or GM and Foodservice / Restaurant Brands Crossing Over to CPG Has Helped Drive Growth

CPG Brands Move into Foodservice or GM

- Doritos as a taco shell in Taco Bell
- TGI Friday's entrees in grocery stores
- Starbucks coffee in grocery stores (not too recent, but they used to be sold only in cafes)
- Oreos and Hershey in DQ Blizzards
- Hershey plush toys
- Flavored sparking water seemed to hit in CPG first, and now you see more restaurants offering

Foodservice / Restaurant Brands Cross Over into CPG

- California pizza kitchen
- Taco bell taco kits / sauce
- PF Chang's frozen entrees
- Buffalo Wild Wings hot sauce
- Cinnabon
- Chick-fil-A sauces
- Panera at Home
- Bob Evans mashed potatoes

Source: Circana Consumer Scan Panel and Primary Research; Continental Mills and its licensing is a mix of partnering with other CPG brands (Ghirardelli), restaurants (Red Lobster, Cracker Barrel Old Country Store) and hotels.; Continental Mills manufactures: Ghirardelli brownie mixes, cookie / cookie bar mixes, cake / cupcake / pie mixes, Red Lobster FZ bread / rolls / pastry dough

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Over the past year, licensing added 1.0 to 4.5pts of household penetration to CPG confections brands

This translates into double-digit percentage gains in brand buyers

Source: Circana Consumer Scan Panel and Primary Research – Select Confection Innovations – 52 WE 1/1/23

In the vast snacking universe there are bright stars of growth

Snacking to Infinity & Beyond

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Drive future revenue streams and engagement through social commerce

Metaverse: a public virtual world that is a fusion of physical, augmented and virtual reality

DIGITAL LANDS

Each virtual world has opportunities to develop virtual real-estate in the metaverse for your brand. Manufacturers and Retailers have created store fronts and experiences highlight their values.

(Decentraland, The Sandbox, Roblox, Meta's Horizon World, Fortnite)

PHIGITAL PRODUCTS

Brands are creating a mix of physical/digital products for consumers. These products may coincide with a new product launch, highlight authenticity, or twinning between digital / physical worlds.

(Gucci Bags, Coca-Cola Dreamworld, Dunkaroos, Most Oreo + Oreoverse)

YOUNGER CONSUMERS

Brands are launching campaigns in the Metaverse to promote engagement and create community among their loyalists. Investing in a Metaverse is a play for your future consumers / younger consumers.

(Generation Z, Generation Alpha, Generation W – "Double You")

GAMIFIED EXPERIENCES

Successful brands are creating authentic experiences with younger consumers where participation and interaction create a limited opportunity, exclusive benefit, and proof of attendance.

(Concerts, Themed Events, Launch Parties, Collectables)

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Some snacking brands are already in the metaverse, while many more can engage

Dunkaroos Relaunch

Virtual Flavor / Vending

Slim Jim + MeatAVERSE

OreoVerse – Most Oreo

Cheetos Chesterville

Walmart Land + Roblox

HersheyVerse

Doritos X DecentraLand

ICNOW Magnum Ice-Cream

Creating partnerships with delivery companies and shopping experiences in the metaverse can drive revenue within the last mile in the metaverse

Metaverse Evolution

Metaverse Billboards

"Giving users the ability to shop and order groceries in the Metaverse and have those goods delivered directly to their home is a unique way of offering customer convenience and satisfaction through an exciting new platform."

- Jill Pavlovich
SVP Digital Shopping Experiences at Albertsons

Albertsons turns to the metaverse | Retail Dive

You need to validate opportunities and/or measure success within the metaverse

In-game ads can appear in mobile, computer, and console video games, giving you an opportunity to place your brand in front of a highly-engaged gaming audience now. Future opportunities will continue to expand, and Circana Entertainment & Media will help you uncover these with best-in-class video game insights and measure ROAS.

Image credits: StackAdapt ad-platform, example placement in Gravity Rider Zero by Vivid Games

Mission Snacking 2023 and Beyond

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Gain additional inspiration from a new generation

01 Circana's Future of Snacking report finds a new generation – Gen Alpha / young kids will drive snacking growth thru 2025

02 Away from home / on-the go snacking will be a bright spot, driven by younger generations

03 Midday snacking is expected to remain above pre-pandemic levels by 2025

04 Nearly 40% of kids ages 2-5 decide which snack food to eat

05 Consumers are more likely to experience negative emotions, like tired, bored or rushed, when snacking away from home

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Capture part of the 7% to 9.5% forecasted snack growth

- Start and/or enhance price / pack size architecture across price tiers
- Develop a portfolio penetration and/or frequency gameplan including trip goals
- Digitize insights and analytics for faster decision-making
- Align dayparts, cohorts with package and size offerings
- Find the right intersection of quality, convenience, promotions, and price to create overall value
- Focus on differentiated experiences and relevant offerings for people on-the-go
- Ensure your portfolio has offerings for key cohorts with functional benefits they desire
- Innovate quickly to changing consumer needs and draw inspiration from non-CPG
- Accelerate digital marketing, personalize consumer brand experiences and measure ROAS

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Questions & Answers

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Thank you

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