



## Candy Brings Joy. Always.



August 2021

This is an edited version of IRI's Growth Insights [C-Suite Conversations](#) with Kristen Riggs, senior vice president and chief growth officer at The Hershey Co.; KK Davey, IRI's president of strategic analytics; and Kathryn Bennett, principal IRI team lead for Hershey. In this installment of IRI Growth Insights C-Suite Conversations, Riggs discusses The Hershey Co.'s approach to driving total category growth; understanding consumers; appreciating the power of data and analytics; rearchitecting as a category leader; home as the hub for consumers; and much more.

### IRI: Category Architecture

**Kristen Riggs:** As we think about architecting the category, first of all is this framework around understanding the consumer. We have more data points than ever before on insights, real-time consumer understanding, learning about what's changing in their behaviors. All of the data that we get from great partners like you allow us to have so many data points. But if you don't filter those into the lens of your strategy, I think you can get a little bit paralyzed by data.

The other important part is the commercial realities. We pride ourselves on being a great partner of our retailers and understanding deeply how consumers shop at retail and how the category works. As we bring those two ends of the spectrum together – the insights and analytics and centered consumer understanding – and also the realities commercially of how we operate at our different retail partners, we're able to create opportunities that really meet the consumer need and also are relevant for the shopping that's happening.

### IRI: Rooted Trends: Value. Digital.

**KR:** How we think about value is interesting because we started to go through the data and understand what was happening. Also, this whole occasion around assortments was emerging where there were actually much bigger, larger sizes of pack types. They're used differently in the homes, but it's a kind of value framework that consumers think about in their lives. As we started to shape our value strategy, it wasn't just the low price point value that mattered, it was that holistic look at value. We had thought about that prior to the pandemic, but we've really reframed that post-pandemic to be an important part of our growth strategy.

Another trend is digital shopping and how we're thinking about partnering in an omnichannel environment with our retailers. It's important that we understand the dynamics channel by channel, shopper by shopper, so we get that partnership right. Our retail partners depend on us to think about digital in terms of seasonal shopping, in terms

of everyday shopping, click & collect versus delivered to home, and how we do that with a lens to that shopping occasion is really critical.

### IRI: Home as the Hub

**KR:** I find this most interesting: how the home has turned into the hub of consumers' lives. If you think about life prior to the pandemic, people would go home to refuel and then go back out. That mobility factor of how people were operating in their lives was home as a pit stop. But now, home has become the hub. People are working from home. People are teaching and doing school at home for their kids. People are thinking about neighborhood parties in the home.

Reframing the home for us brought so many interesting opportunities, and our category has so many different ways to play in the home. The more we learn from consumers about it, we've really found it to be a treasure trove of innovation, occasions and opportunities. It will have some level of stickiness.

### IRI: Understanding Cohorts

**KR:** The value cohorts actually come at the category from very different ends of the spectrum. So a lower-income consumer cohort is more centered on opening price point. When you think about the value of the bigger bags and larger segments, that cohort is normally young families. So we actually saw a little more than 50% of our growth last year come from young families. Really understanding the dynamics becomes critical to making sure we have the right offerings, the right occasions for all of our consumers.

Our category is relevant to everybody. I think that is a really powerful thing, and if you can leverage and harness the ubiquity of candy and the accessibility of candy, it goes back to Milton Hershey and exactly why he founded the company. He wanted to make chocolate affordable for everyone, so it's our job to continue that legacy and find offerings that meet all of the occasions for all of our consumers.

## IRI: Innovation

**KR:** We've reframed innovation, so instead of having one big bet, we think about it in a couple of disparate pieces. One is around product innovation. People get excited about product innovation, and it is part of what makes our category so special. But we're also seeing other opportunities.

Price pack architecture is a form of innovation for us. It's really centered back on the consumer and new occasions and/or renovating pack types that have been around for decades. Being able to reframe the occasion from the consumer perspective and then change the pack type around that has been a really interesting part of innovation.

Also, we developed a team called the Strategic Growth Platform Team. They're working on both product and non-product innovation. They're thinking about some of those key consumer cohorts, and they're also thinking about some of those emerging occasions. It gives us a lot of diversified ways to think about applying innovation.

## IRI: Candy as a Connector

**KR:** One thing that has totally captivated me is that we have large bars in our category called XL bars and Giant bars. Our sales have been up significantly, 40-50% post-pandemic in this pack type. Because it's a low opening price point, it plays a role in the value need. There also was a really compelling emotional need with the pack type. Moms told us that they loved bringing out the Giant bar because the kids couldn't take a piece of candy and just go to their rooms and go spend time on their phones. They actually connected around the table breaking off those individual squares of chocolate. We found out from some moms that they were actually intentionally buying this as a way to create a family-connection moment.

## IRI: Better-for-You

**KR:** Better-for-you is something that was happening prior to the pandemic. We saw the emergence of emotional comfort in our category become really important last year. We have a focus on sugar reduction because it's the one thing that every consumer cohort shares in common. We have identified seven different consumer cohorts in the better-for-you space, and they all have some unique needs. We're thinking about how we innovate around those, but sugar reduction will be the center point of our focus.

## IRI: Seasons

**KR:** During COVID, we learned very quickly that the emotional connection to seasons is absolutely undeniable. People found new ways to celebrate seasons, and they also continue to celebrate seasons and find joy in some of those early celebrations. That trend of "early" became a really interesting opportunity for us. The attachment that consumers had to seasons last year was such a pleasant surprise.

Retailers really depend on seasons as a traffic driver. When people come in to do seasonal shopping, they're coming in with large baskets of opportunity for retailers. So for us, as we understand how important these seasons are for consumers emotionally, they're also important for retailers to capture important shopping missions.

## IRI: Tailoring Media

**KR:** It's analytics, analytics, analytics for us. Being really sharp on both consumer understanding and analytics is critical. The real-time nature of consumer insights and analytics is important for us, and we're using that to work much quicker, much more agilely than ever before, and we're doing a lot of testing, learning and adjusting in real time.

The other thing is really knowing our most valuable targets and what's relevant to them, what time of day they might shop, what brands matter to them at different moments in the day, from a time-bound perspective or around different occasions or seasons. That value of consumer is an important emphasis for us as we're thinking about our media planning and thinking about the right messaging to pair with media planning.

## IRI: Premiumization

**KR:** When we reframe pricing as a growth idea, and not just in context of list pricing but in price pack architecture, the magic is not to think about it as pricing. It's around the consumer. It's a little bit more intricate and complicated when you take consumer qualitative emotional feelings about brands, occasions and pack types, and the reality of price points. It's a little bit art and it's a little bit science.

## IRI: Data and Analytics Strategy

**KR:** I think the importance of multiple data sets is important – the idea of collecting a group of analytics and then a group of consumer insights and bringing and collecting those all together to see what things fit and correlate. And then also the idea of how you enrich your data and layer data on data. We have retail sales teams that are in the market every single day. So every single day we have an opportunity to reprioritize their time based on what's happening, what we're seeing and where the opportunities sit. We've really taken that real-time approach – I'll call it data on data – and enriched the data with the right kind of disruptive, out-of-the-box corollaries and trends. Bringing that all together has been a powerful tool for us. 

**About IRI.** IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care, retailers and media companies to grow. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI guides over 5,000 clients globally in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver growth. [www.IRIworldwide.com](http://www.IRIworldwide.com)

Corporate Headquarters: 203 N. LaSalle St., Suite 1500, Chicago, IL 60661, USA, (312) 726-1221

