The Snacking Supernova
How to Win in the 2023 Snacking Universe
Sally Lyons Wyatt

April 11, 2023
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.
In the vast snacking universe there are bright stars of growth

Snacking Supernova
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 day:

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

<table>
<thead>
<tr>
<th>Time</th>
<th>2023 Percentage</th>
<th>2021 Percentage</th>
<th>Change vs. 2YA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Morning</td>
<td>29%</td>
<td>25%</td>
<td>+4 pts</td>
</tr>
<tr>
<td>Morning</td>
<td>37%</td>
<td>31%</td>
<td>+6 pts</td>
</tr>
<tr>
<td>Afternoon</td>
<td>66%</td>
<td>63%</td>
<td>+3 pts</td>
</tr>
<tr>
<td>Evening</td>
<td>59%</td>
<td>57%</td>
<td>+2 pts</td>
</tr>
<tr>
<td>Late Evening</td>
<td>45%</td>
<td>39%</td>
<td>+6 pts</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Morning</td>
<td>29%</td>
<td>+5 pts</td>
<td>+16 pts</td>
<td>+9 pts</td>
</tr>
<tr>
<td>Morning</td>
<td>37%</td>
<td>+3 pts</td>
<td>+8 pts</td>
<td>+10 pts</td>
</tr>
<tr>
<td>Afternoon</td>
<td>66%</td>
<td>+6 pts</td>
<td>+9 pts</td>
<td>+4 pts</td>
</tr>
<tr>
<td>Evening</td>
<td>59%</td>
<td>+6 pts</td>
<td>+11 pts</td>
<td>+4 pts</td>
</tr>
<tr>
<td>Late Evening</td>
<td>45%</td>
<td>+14 pts</td>
<td>+13 pts</td>
<td>+7 pts</td>
</tr>
</tbody>
</table>

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. 2YA)

Source: Circana 2023 Snacking Survey
These actions and increased prices impacted snacking growth in 2022

<table>
<thead>
<tr>
<th>Category</th>
<th>$ % chg</th>
<th>U % chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Store</td>
<td>12.0%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>F&amp;B</td>
<td>12.6%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Macro Snacks</td>
<td>18.7%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Core Snacks</td>
<td>19.8%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Expanded Snacks</td>
<td>15.7%</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>TOTAL F&amp;B</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>$ Growth</td>
<td>2.1%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Vol. Growth</td>
<td>-2.9%</td>
<td>-2.8%</td>
</tr>
<tr>
<td>PPV Change</td>
<td>5.1%</td>
<td>11.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CORE SNACKS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022</td>
</tr>
<tr>
<td>$ Growth</td>
<td>6.7%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Vol. Growth</td>
<td>1.5%</td>
<td>-1.8%</td>
</tr>
<tr>
<td>PPV Change</td>
<td>5.1%</td>
<td>13.2%</td>
</tr>
</tbody>
</table>

Source: Circana MULO+C – Year 2022 WE 01-01-23
Price, premium, pack sizes trades offs and variety all drive increased dollars and soft units

### Average Pack Size: Volume / Unit Change vs. YA

<table>
<thead>
<tr>
<th>Price Tier</th>
<th>CY19</th>
<th>CY20</th>
<th>CY21</th>
<th>CY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branded Premium</td>
<td>0.6%</td>
<td>1.4%</td>
<td>-1.7%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Branded Mainstream</td>
<td>0.9%</td>
<td>-0.1%</td>
<td>0.4%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Branded Value</td>
<td>-0.9%</td>
<td>1.1%</td>
<td>-1.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Private Label</td>
<td>0.9%</td>
<td>5.8%</td>
<td>-1.4%</td>
<td>3.0%</td>
</tr>
</tbody>
</table>
We are starting to see brick & mortar thwarting online’s share growth

<table>
<thead>
<tr>
<th></th>
<th>B&amp;M</th>
<th>$ Share Change</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>STORE</td>
<td>86.0</td>
<td>-0.6</td>
<td>14.0</td>
</tr>
<tr>
<td>F&amp;B</td>
<td>93.5</td>
<td>-0.1</td>
<td>6.5</td>
</tr>
<tr>
<td>Macro Snacks</td>
<td>93.0</td>
<td>0.1</td>
<td>7.0</td>
</tr>
<tr>
<td>Core Snacks</td>
<td>93.1</td>
<td>0.0</td>
<td>6.9</td>
</tr>
<tr>
<td>Expanded Snacks</td>
<td>92.8</td>
<td>0.2</td>
<td>7.2</td>
</tr>
</tbody>
</table>

**Pick-Up**

- **68%** DOLLAR SHARE (+1%)

**Delivery/Ship**

- **32%** DOLLAR SHARE (+33%)
Exciting flavors, textures, innovation and social engagement help drive continued growth in non-chocolate and tortilla chips

<table>
<thead>
<tr>
<th>MULO+C</th>
<th>Dollars % Change</th>
<th>Units % Change</th>
<th>Volume % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolate Candy</td>
<td>+9.1%</td>
<td>-4.2%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Non-Chocolate Candy</td>
<td>+13.8%</td>
<td>+0.3%</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Potato Chips</td>
<td>+14.7%</td>
<td>-0.4%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Cookies</td>
<td>+11.5%</td>
<td>-4.7%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Crackers</td>
<td>+12.8%</td>
<td>-3.5%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>FZ Novelties</td>
<td>+10.3%</td>
<td>-2.8%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Tortilla / Tostada Chips</td>
<td>+17.5%</td>
<td>+1.7%</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Dairy Yogurt</td>
<td>+9.9%</td>
<td>-6.5%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>AO Salted Snacks (No Nuts)</td>
<td>+16.9%</td>
<td>-2.9%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>+4.9%</td>
<td>-3.4%</td>
<td>-4.0%</td>
</tr>
<tr>
<td>Snack Nuts</td>
<td>-2.0%</td>
<td>-6.0%</td>
<td>-4.1%</td>
</tr>
<tr>
<td>Dried Meat Snacks</td>
<td>+0.8%</td>
<td>-8.5%</td>
<td>-7.1%</td>
</tr>
</tbody>
</table>
Consumers are snacking more often, but not always on the same snacks everyday.
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)
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.

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

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

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

$ sales +20% (-2%) units

+0.1% volume

Circana 2023 Snacking Survey; MULO+C – Year 2022 Week ending 01-01-23
Circana, Inc. and Circana Group, L.P. | Proprietary and confidential
In the vast snacking universe there are bright stars of growth

Snacking Superstars
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**
True indulgence continues to outpace the other snacking segments

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

<table>
<thead>
<tr>
<th></th>
<th>Dollar Share</th>
<th>$ Share CHG</th>
<th>$ % Change</th>
<th>U % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BFY / Wellness</td>
<td>26.4</td>
<td>-0.9</td>
<td>7.3%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Permissible Indulgence</td>
<td>24.4</td>
<td>0.0</td>
<td>10.9%</td>
<td>-3.0%</td>
</tr>
<tr>
<td>Indulgence</td>
<td>31.2</td>
<td>0.9</td>
<td>14.4%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Treating</td>
<td>18.0</td>
<td>0.0</td>
<td>11.1%</td>
<td>-2.0%</td>
</tr>
</tbody>
</table>

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

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

(+2 pts vs. 2 YA)

46% of consumers often eat snacks immediately before / during / immediately after my workout as an energy boost

(+6 pts vs. 2 YA)

34% buy snacks to support the diet I follow (e.g., Atkins, Keto, Paleo, etc.)

(+7 pts vs. 2 YA)
The snacking universe is appealing to consumer health and wellbeing needs

This is true, whether supporting mental wellbeing or weight control

<table>
<thead>
<tr>
<th>Help Support Mental Wellbeing</th>
<th>Help Manage My Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Chocolate 36%</td>
<td>• Fresh Vegetables 54%</td>
</tr>
<tr>
<td>• Fruit-Based Drinks / Smoothies 33%</td>
<td>• Snack / Granola Bars 47%</td>
</tr>
<tr>
<td>• Fresh Vegetables 32%</td>
<td>• Fresh Fruit 47%</td>
</tr>
<tr>
<td>• Non-Chocolate 31%</td>
<td>• Dairy / Yogurt-Based Beverages 41%</td>
</tr>
<tr>
<td>• Fresh Fruit 31%</td>
<td>• Yogurt 40%</td>
</tr>
<tr>
<td>• Dairy / Yogurt-Based Beverages 30%</td>
<td>• Fruit-Based Drinks / Smoothies 39%</td>
</tr>
<tr>
<td>• Snack / Granola Bars 30%</td>
<td>• Snack Nuts 32%</td>
</tr>
<tr>
<td>• Ice Cream 27%</td>
<td>• Meat Snacks 27%</td>
</tr>
<tr>
<td>• Meat Snacks 27%</td>
<td>• Non-Chocolate 23%</td>
</tr>
<tr>
<td>• Snack Nuts 26%</td>
<td>• Crackers 23%</td>
</tr>
</tbody>
</table>

Source: Circana 2023 Snacking Survey % of Consumers Over 20%
...or even assisting consumers with help supporting immunity and gut health

<table>
<thead>
<tr>
<th>Help Support Immunity / Strengthen Immune System</th>
<th>Help Support Gut Health / Healthy Digestive System</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Fresh Vegetables 50%</td>
<td>• Yogurt 58%</td>
</tr>
<tr>
<td>• Fresh Fruit 49%</td>
<td>• Dairy / Yogurt-Based Beverages 50%</td>
</tr>
<tr>
<td>• Fruit-Based Drinks / Smoothies 43%</td>
<td>• Fresh Vegetables 48%</td>
</tr>
<tr>
<td>• Dairy / Yogurt-Based Beverages 37%</td>
<td>• Fruit-Based Drinks / Smoothies 46%</td>
</tr>
<tr>
<td>• Snack / Granola Bars 35%</td>
<td>• Fresh Fruit 42%</td>
</tr>
<tr>
<td>• Meat Snacks 27%</td>
<td>• Snack / Granola Bars 34%</td>
</tr>
<tr>
<td>• Snack Nuts 27%</td>
<td>• Snack Nuts 29%</td>
</tr>
<tr>
<td>• Chocolate 22%</td>
<td>• Non-Chocolate 22%</td>
</tr>
<tr>
<td>• Non-Chocolate 23%</td>
<td>• Meat Snacks 22%</td>
</tr>
<tr>
<td>• Yogurt 35%</td>
<td></td>
</tr>
</tbody>
</table>
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
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%** Chocolate Lunch
  - 18-24 and 25-34
- **22%** Non-Chocolate
  - 18-24
- **27%** Non-Chocolate
  - 25-34
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

**BLEND**
- 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 S2 WE 2.26.23)
Consumers are spending across all retailers, but also driving unit growth at club and military.

<table>
<thead>
<tr>
<th>Channel Growth</th>
<th>Dollar % Change</th>
<th>Units % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Snacking</td>
<td>22 vs. 21</td>
<td>22 vs. 21</td>
</tr>
<tr>
<td>Food</td>
<td>+8.5%</td>
<td>-4.7%</td>
</tr>
<tr>
<td>Convenience</td>
<td>+11.9%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Club</td>
<td>+15.5%</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Mass (T+W)</td>
<td>+14.5%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Drug</td>
<td>+5.0%</td>
<td>-8.0%</td>
</tr>
<tr>
<td>Dollar</td>
<td>+11.0%</td>
<td>-6.2%</td>
</tr>
<tr>
<td>Military</td>
<td>+14.7%</td>
<td>+8.2%</td>
</tr>
<tr>
<td>Online</td>
<td>+11.2%</td>
<td>-5.8%</td>
</tr>
</tbody>
</table>
The convenience channel is transforming and leaning into the trends, especially with foodservice traffic.

% Share of Traffic

- Commercial Foodservice: 100%
- QSR Excl Fast Casual: 58%
- Fast Casual: 6%
- Midscale: 5%
- Casual Dining: 9%
- C-Stores: 17%
- AO Retail Foodservice: 5%

PCYA = Percent change vs. one year ago

- Commercial Foodservice: 0%
- QSR Excl Fast Casual: -1%
- Fast Casual: 2%
- Midscale: -2%
- Casual Dining: -2%
- C-Stores: 2%
- AO Retail Foodservice: 0%

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**

- Tortilla / Tostada Chips
- Doughnuts
- Sugarless Gum
- Potato Chips
- Cheese Snacks
- Cookies
- Other Salted Snacks (No Nuts)
- RTE Popcorn / Caramel Corn
- Corn Snacks
- Dry Fruit Snacks
Sizes above five ounces are growing

But items under five ounces win out within the Convenience Channel

UNIT CHANGE VS. YA

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

<table>
<thead>
<tr>
<th>Time of Day</th>
<th>Dollar Sales</th>
<th>% Change vs YA</th>
<th>Dollar Sales</th>
<th>% Change vs 2 YA</th>
</tr>
</thead>
<tbody>
<tr>
<td>05:00-10:00 am</td>
<td>13.8%</td>
<td></td>
<td>31.1%</td>
<td></td>
</tr>
<tr>
<td>10:00-02:00 pm</td>
<td>11.0%</td>
<td></td>
<td>29.1%</td>
<td></td>
</tr>
<tr>
<td>02:00-08:00 pm</td>
<td>12.4%</td>
<td></td>
<td>31.3%</td>
<td></td>
</tr>
<tr>
<td>08:00-02:00 am</td>
<td>11.3%</td>
<td></td>
<td>31.0%</td>
<td></td>
</tr>
</tbody>
</table>

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
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
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.

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

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)
In the vast snacking universe there are bright stars of growth

The Private Galaxy
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
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 & Squeezy Cheese Spreads
- Rfg Handheld Non-Breakfast Entrees
- 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

- RFG Snack Cakes & Doughnuts: $ - Flat, HH % - Flat, Buy Rate ↓
- RTE Popcorn / Caramel Corn: $ - ↑, HH % - ↑, Buy Rate ↑
- AO RFG Meat, Cheese, Crackers, & Dessert: $ - ↑, HH % - ↑, Buy Rate ↑

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
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)
- 83% of consumers want snacks that have the flavor they prefer (-6 pts vs. 2 YA)
- 68% of consumers want snacks that have premium flavors and/or premium quality (-2 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)
The natural channel continues as a location for discovery and is outpacing multi-outlet. This is especially true for wellness positioned products.

<table>
<thead>
<tr>
<th>Total Wellness Positioned Products</th>
<th>Conventional Products</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Natural Positioned</strong></td>
<td><strong>Conventional</strong></td>
</tr>
<tr>
<td>Specialty &amp; Wellness Positioned</td>
<td></td>
</tr>
<tr>
<td>-4.3% Natural Channel Units</td>
<td>+2.0% Natural Channel Units</td>
</tr>
<tr>
<td>-5.6% MULO Units</td>
<td>-3.4% MULO Units</td>
</tr>
<tr>
<td>-0.2% Natural Channel Units</td>
<td></td>
</tr>
<tr>
<td>-0.3% MULO Units</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Chips, Pretzels &amp; Snacks</th>
<th>Jerky &amp; Meat Snacks</th>
<th>Rice Cakes</th>
<th>Cookies, Bars &amp; Crisps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grain Free</td>
<td>Animal Welfare</td>
<td>Organic</td>
<td>Grain Free</td>
</tr>
<tr>
<td>Functional Snacking</td>
<td>Plant-Based</td>
<td>Indulgence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Giving Back</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Global Flavors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Trends derived via SPINS Product Intelligence

Circana Inc. and Circana Group, L.P. | Proprietary and confidential
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.

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
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

- 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

<table>
<thead>
<tr>
<th>Certified Fairtrade America</th>
<th>Animal Well-Being</th>
<th>Upcycling</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Labeled Grass Fed</td>
<td>Labeled Free Range</td>
</tr>
<tr>
<td></td>
<td>+5.9% Sales</td>
<td>+32.3% Sales</td>
</tr>
<tr>
<td></td>
<td>+2.9% Units</td>
<td>+16.9% Units</td>
</tr>
<tr>
<td></td>
<td>+18.2% Units</td>
<td>+18.2% Units</td>
</tr>
<tr>
<td></td>
<td>+8.8% Units</td>
<td>+16.9% Units</td>
</tr>
</tbody>
</table>

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.

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

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
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
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

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

- 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 sparkling water seemed to hit in CPG first, and now you see more restaurants offering
- 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.
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
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)
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.

“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
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
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
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**
Questions & Answers
Thank you

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