Today’s Discussion

Themes still impacting the industry

2015 Trends

2016 Opportunities

Future implications

Path for Growth
Methodology

**Sales Performance**
- IRI Market Advantage™
- MULO+C = Food, Drug, MassX, Club, Dollar, Walmart, Military, and Convenience
- FreshlookIRI Market Advantage™
- Profitero

**Shopping Behavior**
- IRI Consumer Network™
- SPINS
- ComScore

**Customer Attitudes**
- IRI 2016 Consumer Snacking Study
- Naturalink Segmentations
Themes still impacting the industry

Universe is still vast and competing with Quick Serve restaurants

Snacking/mini meals occurring across the day

Lifestage impacts snack choices

Wellness plans are a consideration

Role of snacking varies

Millennials and Boomers are biggest drivers of growth
Food service game plan has been winning for the past 3 years (outpacing retail)

Food Service
+3.9%
Dollar Growth v. YAGO

Retail
+2.9%
Dollar Growth v. YAGO
2015 Trends

Core Growth

Morning Momentum

Tale of Three Price Cities

Flavor Nation

Innovation Debutants
2016 Opportunities

- Kids Rule
- Variety is King
- Channel Changing & Online Frenzy
- Ingredient & Claim
- New Frontier
- Spectrum of Opportunity

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2015 Trends
While Snacking Dollars are outpacing F&B and Total CPG, Unit Sales are lagging

<table>
<thead>
<tr>
<th>% Growth By Channel: Multi-Outlet &amp; Convenience</th>
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</thead>
<tbody>
<tr>
<td><strong>Dollar Sales Change</strong></td>
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<tr>
<td>Macro Snacks</td>
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<tr>
<td>+3.5%</td>
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<tr>
<td>F&amp;B</td>
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<tr>
<td>+2.9%</td>
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<tr>
<td>Total CPG</td>
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<tr>
<td>+3.2%</td>
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</tbody>
</table>

| **Unit Sales Change**                        |
| Macro Snacks                                 |
| +0.4%                                         |
| F&B                                          |
| +0.7%                                         |
| Total CPG                                    |
| +0.9%                                         |
Lagging predominantly due to extended snack categories; however, Core Snacking is realizing solid growth

Core Snacking:
- 3.4% $chg
- 1.2% unit chg

Extended Snacking:
- 3.8% $chg
- -2.1% unit chg
All top 10 categories realized dollar sales growth and varying ranges in unit growth

<table>
<thead>
<tr>
<th>Category</th>
<th>$ % Change vs. YAGO</th>
<th>Unit % Change vs. YAGO</th>
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<tbody>
<tr>
<td>Salty Snacks</td>
<td>3.6</td>
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<tr>
<td>Chocolate Candy</td>
<td>3.0</td>
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<td>Yogurt</td>
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<td>Non-Chocolate Candy</td>
<td>3.6</td>
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<td>Natural Cheese</td>
<td>2.6</td>
<td>3.9</td>
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<td>Cookies</td>
<td>2.6</td>
<td>1.3</td>
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<tr>
<td>Crackers</td>
<td>0.6</td>
<td>-0.8</td>
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<tr>
<td>Snack/Granola Bars</td>
<td>5.1</td>
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<tr>
<td>Pastry/Doughnuts</td>
<td>6.7</td>
<td>5.1</td>
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<tr>
<td>Snack Nuts</td>
<td>4.3</td>
<td>2.3</td>
</tr>
</tbody>
</table>
Refrigeration was a clear theme in 2015 pointing towards consumers’ quest for fresh
Price kept these sweet & nutritional categories ringing higher dollar sales at retail

- Ice Cream/Sherbet
- Dried Fruit
- Salsa
- Fz. Handheld Entrees (Non-Breakfast)
- Chocolate Candy
- Trail Mixes/Nutritional Snacks
Within extended, smoothies continue to become a consumer top choice along with soups and jellies/honey.
Not all favorite categories of the past or even select refrigerated categories hit the mark with consumers.
Healthier snacks are slightly outpacing indulgent

3.4% 3.8%

Source: Based on Dollar Sales
Consumers still like snacks within the sweet and savory realm, but all others witnessed increased sales.
Absolute dollar sales growth coming from both healthy and indulgent categories
Variety, Price and Availability are impacting snack produce sales.

- **Apples**
  - Price
  - Distribution
  - Sales

- **Carrots**
  - Price
  - Distribution
  - Sales

- **Berries**
  - Price
  - Distribution
  - Sales

- **Grapes**
  - Price
  - Distribution
  - Sales

- **Variety Fruit**
  - Price
  - Distribution
  - Sales

- **Variety Vegetable**
  - Price
  - Distribution
  - Sales

Source: Freshlook POS – 52 Weeks ending 2/16
Sweet and satiety drive large pack sales

Frozen Handheld Entrees (Non Breakfast)
Rfg Sides
Fz Novelties
Soup/Sides/Other Fz
Dips
Breath Fresheners
Dried Fruit Snacks
Cream Cheese
Rfg Tortilla/Eggroll/Wonton Wrap
Fresh Eggs
Bottled Juices
Popcorn/Popcorn Oil

Source: Based on Dollar Sales
Small sizes have done well for many of the savory categories
Convenience channel is driving the majority of sales for small size SKUs

- Other salty snacks: 69%
- Potato chips: 76%
- Pretzels: 87%
- Tortilla chips: 77%

Source: Based on Dollar Sales
Morning Momentum
2.7
avg. number of snacks consumed daily

46%
46% snack 3+ times/day

Up 5 points in one year

Source: 2016 IRI Snacking Survey
Evening snacking has slowed while early morning snacking rises

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<tr>
<th>Time</th>
<th>2010</th>
<th>2014</th>
<th>2016</th>
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<tr>
<td>Early Morning</td>
<td>7%</td>
<td>18%</td>
<td>20%</td>
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<td>Morning</td>
<td>22%</td>
<td>37%</td>
<td>37%</td>
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<tr>
<td>Afternoon</td>
<td>51%</td>
<td>68%</td>
<td>69%</td>
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<tr>
<td>Evening</td>
<td>44%</td>
<td>62%</td>
<td>57%</td>
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<tr>
<td>Late Evening</td>
<td>24%</td>
<td>46%</td>
<td>45%</td>
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</table>

Source: 2016 IRI Snacking Survey
Younger generations are driving the majority of early morning snacking

% of consumers eating snacks in the early morning

52% 18-24
69% 25-34

vs. 31% for rest of total US

Source: 2016 IRI Snacking Survey - % of Consumers Eating at least 1 or more per week
However, morning snacking is occurring across the majority of age groups.

- 18-24: 60%
- 25-34: 82%
- 35-44: 63%
- 45-54: 58%
- 55-64: 47%
- 65+: 36%

Total: 55%

Source: 2016 IRI Snacking Survey
Kids play a major role in early morning snacking

Eat early morning snacks

- 45% HH with kids under 12
- 45% HH with kids 13-18
- 25% All HH with no kids

Source: 2016 IRI Snacking Survey - % of Consumers Eating at least 1 or more per week
Well over half of the US population is snacking during the morning hours.

- 68% HH with kids under 12
- 71% HH with kids 13-18
- 49% All HH with no kids

Source: 2016 IRI Snacking Survey - % of Consumers Eating at least 1 or more per week
Allowing breakfast cookies to have positive momentum
Tale of Three Price Cities
Consumer Sentiment

74% of consumers say item price influences their purchase decision

68% look at price before choosing a snack

Source: 2016 IRI Snacking Survey
Consumer Sentiment

62% state snacks with a low price point is important and 58% want a low price per serving

82% of consumers look for good value when buying snacks

Source: 2016 IRI Snacking Survey
Consumers are moving from Low Priced goods towards Premium Products

**Branded $ Sales**

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Moderate</th>
<th>Premium</th>
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<tr>
<td>$</td>
<td>$24.4</td>
<td>$84.3</td>
<td>$39.8</td>
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<tr>
<td>% Chg</td>
<td>0.6</td>
<td>2.6</td>
<td>6.8</td>
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</table>

+3.4%

**Private Label $ Sales**

<table>
<thead>
<tr>
<th></th>
<th>Low</th>
<th>Moderate</th>
<th>Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$2.5</td>
<td>$8.1</td>
<td>$4.2</td>
</tr>
<tr>
<td>% Chg</td>
<td>-7.3</td>
<td>3.3</td>
<td>10.0</td>
</tr>
</tbody>
</table>

+3.1%
Premiumtized ingredients, packaging and perceived less processing are capturing consumers attention

Categories seeing Declines in Low and Growth in Premium Segment

Branded
- Rfg Yogurt
- Cupcakes/Brownies
- Specialty Nut Butter
- Rfg Sliced Lunchmeat
- Rfg Juice & Smoothies

Private Label
- Fz Novelties
- Fresh Eggs
- Shredded Cheese
- Snack Nuts
- Fz Pizza
- Breakfast/Cereal Bars
- Ice Cream
- Rfg Yogurt
- Non-Chocolate Candy
- Chocolate Box/Bag/Bar >3.5oz

Source: Based on Low, Moderate and Premium Pricing
Within branded, 4 top categories grew in both low and premium price tiers

<table>
<thead>
<tr>
<th>Category</th>
<th>% change: low</th>
<th>moderate</th>
<th>high</th>
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<tr>
<td>Ready To Eat Cereal</td>
<td>2.1</td>
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<td>3.0</td>
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<tr>
<td>Cookies</td>
<td>0.5</td>
<td>2.8</td>
<td>3.7</td>
</tr>
<tr>
<td>Potato Chips</td>
<td>1.0</td>
<td>2.6</td>
<td>-8.6</td>
</tr>
<tr>
<td>Chocolate Box/Bag/Bar 3.5oz</td>
<td>2.5</td>
<td>3.0</td>
<td>9.9</td>
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<tr>
<td>Ice Cream</td>
<td>7.4</td>
<td>-15.5</td>
<td>20.4</td>
</tr>
<tr>
<td>All Other Crackers</td>
<td>2.5</td>
<td>1.9</td>
<td>-2.0</td>
</tr>
</tbody>
</table>
Although the majority of top categories put a major emphasis on premium-tiered snacks, there are a few which drove significant low priced sales.

Key Categories within Private Label

% change: low | moderate | high

- **Natural Cheese - Shredded**
  - 73.6 | 0.1 | 3.0
  - Low | Mod | High

- **Rfg Handheld Non-Bfast Entrees**
  - 12.7 | 37.4 | 1.2
  - Low | Mod | High

- **Natural Cheese - Slices**
  - 34.8 | 2.3 | 11.3
  - Low | Mod | High
Flavor Nation
88% of consumers look for the flavor they prefer

36% want gourmet flavors and/or gourmet quality
Consumers stated favorite snacks have salty and sweet throughout their life but differences along the way.

**Younger Age**
- Hot/Spicy
- Salty
- Cheese

**Older Age**
- Salty
- Sweet
- Onion
- Cheese

Source: 2016 IRI Snacking Survey
Purchase behavior confirms that flavor and taste palates differ across age groups and snack segments.

### Macrosnacks

**Younger Age**
- Chocolate
- Vegetable
- Cheese
- Tangy
- Hot/Spicy
- Herb & Spice
- Mexican
- Fruit

**Older Age**
- Nut
- Mint
- Vanilla
- Sweet
- Mushroom

*Source: Index of Dollar Sales to Flavors*
Simple flavors are Boomer favorites in salted snacks, however flavor combinations appeal more to younger generations.

### Salted Snacks

#### Younger Age
- **Cheese**
- **Tangy***
- **Hot/Spicy**
- **Mexican***
- **Vinegar**

#### Older Age
- **Vegetable**
- **Nut**
- **Chocolate**
- **Sweet**
- **Butter**
- **Fruit**

*Potato Chips**  **Pretzels**

Source: Index of Dollar Sales to Flavors
Snack bars, yogurt and chocolate candy categories provide additional taste preferences like peanut butter and mint as well as core flavors.

**Snack/Granola Bars**
- **Younger Age**: Hot/Spicy, Chocolate, Fruit, Mint, Vanilla, Grain
- **Older Age**: Nut, Tangy

**Yogurt**
- **Younger Age**: Sweet, Hērb & Spice, Peanut Butter
- **Older Age**: Nut

**Chocolate Candy**
- **Younger Age**: Mint
- **Older Age**: Mint

*Source: Index of Dollar Sales to Flavors*
Innovation Debutants
Innovation had a variety of claims that resonated with consumers.
Nestle Outshine Yogurt Bars

- 100 percent yogurt
- Contains just 90 calories, five grams of protein, ten percent daily value of calcium, and live and active cultures
- Made with 100% yogurt
- No high fructose corn syrup
- No artificial colors or flavors

Bon Appetit Thin Crust Frozen Pizza

- Thin crust drizzled with extra-virgin olive oil and flavorful ingredients
- Flavorful with: Mozzarella & Pesto, Spinach, Pepperoni & Pesto, Roasted Vegetable and Trio Bacon

Keebler JIF Cookies

- Made with Jif peanut butter
- Rich fudge, tasty peanut butter and crunchy nuts
Oscar Mayer Selects Natural
All Natural without any artificial ingredients
No artificial flavor or color, gluten free

Doritos Loaded FZ Appetizers
Brand extending into frozen
Available in Nacho Cheese and Jalapeno & Cheese

Plenti Plentiful Greek Yogurt
Made with whole grain oats, flax and pumpkin seeds
Healthy
Oatmeal Meets Greek Yogurt - bringing 2 flavors together
Oh My Yog!
Rfg Yogurt

USDA Organic
Made with organic whole milk and fruit, and comes in a completely unique three-layer format
Pasture raised, Gluten Free, Kosher certified

Snyder’s of Hanover Pretzel Poppers

Lighter and puffy
Have kept the crunchy pretzel shell

Cheetos Sweetos

Very first sweet Cheetos snack in the U.S. market
Limited time treat for spring
Nothing to do with cheese. Instead, Sweetos are intended to be more of a dessert snack, featuring a cinnamon sugar coating
Movie themed innovations have been a big attraction whether branded or consumer developed.

Hostess Twinkies Minions Cupcakes/Brownies*

Yoplait Go Gurt Disney Frozen Rfg Yogurt

Schreiber Foods Disney Frozen Natural Cheese – String/ Stick

Doritos Jacked 3D Avengers

Kelloggs Marvel Avengers RTE Cereal

General Mills Star Wars RTE Cereal

Betty Crocker Disney Star Wars Fruit Rolls/Bars/Snacks

Kelloggs Jurassic World Fruit Rolls/Bars/Snacks

*Image Source: https://www.youtube.com/watch?v=AAQjn6_JaJ0
2016 Opportunities

Kids Rule

Variety is King

Channel Changing & Online Frenzy

Ingredient & Claim New Frontier

Spectrum of Opportunity
Kids Rule
<table>
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<tr>
<th>Hunger Satisfaction</th>
<th>Indulgence</th>
<th>Satisfy Sweet Craving</th>
<th>Satisfy Savory Craving</th>
<th>Satisfy Salty Craving</th>
<th>Satisfy Crunchy/Crispy Craving</th>
<th>Satisfy Chewy Craving</th>
<th>Provides Antioxidants/Health Benefits</th>
<th>Provides Energy/Fuel</th>
<th>Helps Achieve Daily Nutrition Goals</th>
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<td>Chocolate Candy</td>
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**Snacks play different roles in households with kids**

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<td>Fruit Smoothies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy/Yogurt Smoothies</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh Fruit</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fresh Vegetables</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: 2016 IRI Snacking Survey
<table>
<thead>
<tr>
<th></th>
<th>Kids</th>
<th>No Kids</th>
</tr>
</thead>
<tbody>
<tr>
<td>Households with Kids state they are snacking more frequently</td>
<td>28%</td>
<td>16%</td>
</tr>
<tr>
<td>Households with Kids buy more larger sized packages with the intention of sharing as a means of reducing overall snack expenditures</td>
<td>20%</td>
<td>8%</td>
</tr>
<tr>
<td>Households with Kids Bring meals/snacks to work or school more often</td>
<td>32%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: 2016 IRI Snacking Survey
Households with kids seek natural/organic snacks

<table>
<thead>
<tr>
<th>Kids</th>
<th>No Kids</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Households with kids want biodegradable packaging

<table>
<thead>
<tr>
<th>Kids</th>
<th>No Kids</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Households with kids are looking for snacks that can be eaten in the car or on-the-go

<table>
<thead>
<tr>
<th>Kids</th>
<th>No Kids</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: 2016 IRI Snacking Survey
Households with children represent 40% of macrosnack sales and are driving double-digit sales increases.
Predominantly from the households with young and teenage children

Age 0-5 & 12-17

28.2% | 115

% chg | dollar index

Source: IRI Consumer Network - Macrosnacks
Key snack categories for households with kids cross the gamut of occasions

HH with Children of Any Age

- Cold Cereal
- Toaster Pastries/Tarts
- Dried Fruit Snacks
- Canned/Bottled Fruit
- Picante Sauce
- Yogurt Covered Snacks
- Natural Cheese
- Yogurt
- Pizza Rfg
- Aerosol/Squeeze Cheese
- Rfg Juice & Drink Smoothies
- SS Bottled Juice & Drink Smoothies

General  Refrigerated  Frozen  Beverages
Looking at households with kids except for ages 0-5, we actually see a few different category preferences.

HH With All Groups Except 0-5

- Fz Pizza
- Fz Entrees and Appetizers
- Eggroll/Wonton Wrap Rfg
- Rfg Baked Goods
- Salty Snacks
- Dried Meat Snacks
- Pastry/Doughnuts
- Snack/Granola Bars
- Crackers
- Specialty Nut Butter
- Salsa
- Microwave Popcorn

Source: IRI Consumer Network - Segments Over-Index by HHs with children groups
Households with Teenagers are spending disproportionately higher than other segments and distinctly different categories as top winners

HH with children aged 12 - 17

Source: IRI Consumer Network - Segments Over-Index by HHs with children groups
For households with young children, the top 10 categories contribute almost 60% of total sales.

- Natural Cheese
- Yogurt
- Salty Snacks
- Fresh Eggs
- Crackers
- Snack/Granola Bars
- Chocolate Candy
- Cookies
- Canned/Bottled Fruit
- Cookies

Source: IRI Consumer Network - Macrosnacks – HH with Kids 0 to 5
Variety is King
82% of consumers seek snacks that are a good value for the money.

62% of consumers look for snacks at a low price point.

92% State that taste is important.

Source: 2016 IRI Snacking Survey
Consumers not only like personalization, but also like variety.

**Variety Packs**

$9,165M

5.4% % Chg

**Multipacks**

$9,175M

0.9% % Chg
Variety packs are winning versus multipacks to appeal household members

**Frozen Novelties**
- Variety: $427M, +11.4%
- Multi: $2,767M, +1.1%

**Breath Fresheners**
- Variety: $38M, +6.6%
- Multi: $97M, -1.9%

**Chocolate Candy – Snack Size**
- Variety: $85M, +48.6%
- Multi: $471M, -16.3%
These categories drove impressive gains with the variety packs they offered.

**Top Categories having only Variety Packs**

- Non-Chocolate Chewy Candy
- Other Salted Snacks (No Nuts) + Potato Chips
- Seasonal Chocolate Halloween Candy
- Chocolate Candy Box/Bag/Bar > 3.5 OZ
- Hard Sugar Candy/Pkg & Roll Candy
- Seasonal Chocolate Christmas Candy
Reasons for buying variety packs vary

70% are buying different flavors of the same snack for variety

Source: 2016 IRI Snacking Survey
Reasons for buying variety packs vary

69% are buying for more snacking options

Source: 2016 IRI Snacking Survey
Reasons for buying variety packs vary

60% want the portion control variety packs provide

Source: 2016 IRI Snacking Survey
Reasons for buying variety packs vary

59%

state family members get the snack they want

Source: 2016 IRI Snacking Survey
Reasons for buying variety packs vary

57%
Say they’re more convenient than large packs

Source: 2016 IRI Snacking Survey
Reasons for buying variety packs vary

53% state variety packs add more variety to snacking

Source: 2016 IRI Snacking Survey
Income plays a role into who is buying variety of snacks and presents opportunities for packaging innovations

Higher income groups show high preference to a variety of snacks (not necessarily variety packs)

Lower income groups skew higher on:

- SS Bottled Juice and Drink Smoothies
- Rfg Handheld Non-Breakfast Entrees
Channel Shifting and Online Frenzy
Value and Convenience channels are still driving growth

- **Food**: 51% Share, 2.3% CAGR
- **Mass**: 25% Share, 3.1% CAGR
- **Convenience**: 12% Share, 4.7% CAGR
- **Club**: 5% Share, 2.2% CAGR
- **Drug**: 4% Share, 2.2% CAGR
- **Dollar**: 1% Share, 7.5% CAGR
- **Internet**: 1% Share
- **All Others**: 2% Share, 6.9% CAGR

Source: Based on dollar sales
Channels have different importance across categories

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Food Channel</th>
<th>Convenience Channel</th>
<th>Mass Channel</th>
<th>Drug Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potato Chips</td>
<td>Snack/Granola Bars</td>
<td>Dried Meat Snacks</td>
<td>Tortilla Chips</td>
<td>Drug</td>
</tr>
</tbody>
</table>

Source: Based on dollar sales
Convenience is a huge contributing channel for small size snacks

Performance of small size SKU’s under different channels

Potato Chips
Tortilla Chips
Snack/Granola Bars
Dried Meat Snacks

Convenience
Food
Drug
Mass

Convenience
Food

Convenience
Food
Drug
Mass

Convenience
Food
Drug
Mass

Source: Based on dollar sales
Internet is gaining penetration as well

- **Mass**: 1.8 pen
- **Internet**: 1.1 pen
- **Dollar**: 1.8 pen

Source: Based on consumer network - Macrosnacks - Penetration by Channels. Pt change vs CY 2012; All Outlets
Within eCommerce, consumer purchasing varies but today Amazon is a snack share winner.
Many of the top 30 items on Amazon are within the top categories, illustrating the path to purchase complexities for Snacks

- Bars: 10
- Salty Snacks: 5
- Cookies: 4
- Crackers: 4
- Nuts: 4
- Meat Snacks: 1
- Fruit Snacks: 1
- Popcorn: 1

Source: Profitero – December 2015
Ingredient Claims
New Frontier
Wellness plans continue to play an important role in snack choices for consumers

52% of consumers want additional health benefits beyond nutrition (eg, antioxidants)

57% Want snacks that contain vitamins and minerals

Source: 2016 IRI Snacking Survey
Wellness plans continue to play an important role in snack choices for consumers

44% want natural/organic snacks

60% of consumers seek snacks that deliver an energy boost

Source: 2016 IRI Snacking Survey
Wellness plans continue to play an important role in snack choices for consumers.

49% want a serving of fruit or vegetables.

48% look for high in fiber snacks.

Source: 2016 IRI Snacking Survey
Wellness plans continue to play an important role in snack choices for consumers

37% look for ‘probiotics’ to help with digestion

60% snack to fuel their day

Source: 2016 IRI Snacking Survey
Leading to introductions of plant-based Proteins into snacks

- **Harvest Snaps**
  - Onion Thyme: $5.6M
  - Tomato Basil: $2.9M

- **Late July Organic**
  - Tortilla Chips: $2.2M

- **Tortilla Chips**
  - Other Salted Snacks (No Nuts): $2.1M

- **Simply7**
  - Quinoa Chips: $2.0M
  - Other Salted Snacks (No Nuts): $1.8M
Leading to introductions of plant-based Proteins into snacks

- Fz Waffles: $1.5M
- Artisan Nut-Thins: $1.1M
- Hi I’m Skinny Quinoa Sticks: $1.1M
- Baked Lentil Chips: $1.0M
- Organic Promise Raisin Vineyard: $1.0M
- Other Salted Snacks (No Nuts)
- Ready-to-Eat Cereal
- All Other Crackers
- Other Salted Snacks (No Nuts)
With far reaching benefits

- Protects from cancer
- Lowers risk of heart disease
- Weight loss
- Reduces cholesterol
- Additional benefits – Omega-3 fatty acids, calcium, fiber

http://www.uhc.com/health-and-wellness/nutrition/power-of-plant-protein/
http://nutritionstudies.org/animal-vs-plant-protein/
Paleo innovations are addressing consumer needs
Other innovations appealing to consumer needs and/or requests
Emerging Trends are Abundant

“Real” Food claims

Biodynamic farmed ingredients

Cricket protein

Acid whey

Global flavors (e.g., Thai coconut curry)

Spicy AND tangy

100% organic apples as sugar alternative
Spectrum of Opportunities
Consumer attitudes and behaviors are opening up additional growth opportunities

Full Spectrum of Natural/Organic Buyers

- **10%** True Believers
- **10%** Strapped Seekers
- **26%** Indifferent Traditionalists
- **15%** Resistant Non-Believers
- **10%** Enlightened Environmentalists
- **13%** Healthy Realists
- **16%** Struggling Switchers

**Proud of Buying Natural/Organic Products**

**Fears They Won’t Like Natural/Organic Products**
For total Macro snacks, Healthy Realists and True Believers are driving growth
With a portion of that growth being driven by Organics

Naturalink Segmentation within Macro Snacks – Organic Claims

- **True Believers**: 41.5%
- **Strapped Seekers**: 7.6%
- **Indifferent Traditionalists**: 9.4%
- **Resistant Non-Believers**: 4.5%

**Proud of Buying Natural/Organic Products**
- **Enlightened Environmentalists**: 14.0%
- **Healthy Realists**: 15.8%
- **Struggling Switchers**: 7.1%

**Fears They Won't Like Natural/Organic Products**
- **Switchers**: 27.3%

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Looking at only core snacks, we find that Organics appeal to all segments

Naturalink Segmentation within Core Snacks – Organic Claims

- True Believers: 42.6%, 1.7%
- Strapped Seekers: 7.8%, 7.7%
- Indifferent Traditionalists: 8.8%, 2.3%
- Resistant Non-Believers: 4.9%, 27.1%
- Enlightened Environmentalists: 12.0%, 0.8%
- Healthy Realists: 16.7%, 29.4%
- Struggling Switchers: 7.2%, 17.2%

Proud of Buying Natural/Organic Products

Fears They Won't Like Natural/Organic Products
However mixed results for claims that have been growth drivers in the past.

### Naturalink Segmentation within Core Snacks

<table>
<thead>
<tr>
<th>Segment</th>
<th>Protein</th>
<th>Fat</th>
<th>Sugar</th>
<th>Fiber</th>
</tr>
</thead>
<tbody>
<tr>
<td>True Believers</td>
<td>↓</td>
<td>↓</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Enlightened Environmentalists</td>
<td>↓</td>
<td>↓</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Strapped Seekers</td>
<td>↑</td>
<td>↓</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Healthy Realists</td>
<td>↑</td>
<td>↓</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Indifferent Traditionalists</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>Struggling Switchers</td>
<td>↑</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>Resistant Non-Believers</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
</tr>
</tbody>
</table>

---

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What wins with one consumer group may not appeal to another – targeting products and messaging is key

<table>
<thead>
<tr>
<th>Feature</th>
<th>True Believers</th>
<th>Indifferent Traditionalists</th>
</tr>
</thead>
<tbody>
<tr>
<td>No GMO</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>Gluten Free</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>High Soy</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>High Fiber</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>No/Low/Less Sodium/Salt</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Organic</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>No/Low/Less Sugar</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Energy</td>
<td>↓</td>
<td>↑</td>
</tr>
</tbody>
</table>

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Core snacking will continue to outpace extended over the next few years

Projecting snack sales to grow

$35B in next 5 years

84% of growth from core snacking

15% of growth from extended snacks
Snacking growth opportunities are abundant

Kids Rule

Ensure you have products that will appeal to kids – both healthy and permissible indulgence

Optimize your media and/or promotional expenditures

Collaborate with retail partners to drive trips into their stores attracting households with kids
Snacking growth opportunities are abundant

Variety is King

“Right size” your current variety pack offerings –
• If in portfolio, then ensure channel strategy is strong
• If not in portfolio, innovate

Explore pricing tiers to find a way for low income households to benefit from variety packs

Leverage holidays and special occasions for innovative ideas and solutions
Snacking growth opportunities are abundant

Channel Changing & Online Frenzy

Invest in Channel Strategy and “size of the prize”

Determine eCommerce/offline brand strategy and portfolio role

Revisit category management across channels
Snacking growth opportunities are abundant

Ingredient & Claim New Frontier

Take a “menu” approach for your product claims and ingredients: variety of options for your targets

Global flare and/or bold combinations will continue to resonate

Take cues from Quick Serve and/or Limited Serve restaurants: “dusting”, LTO, etc..
Snacking growth opportunities are abundant

Spectrum of Opportunity

Explore the advantages of understanding where your portfolio of products fall within a nutritional segmentation

Determine the most efficient and effective way to engage with your target consumers along the path-to-purchase

Identify personalization to key consumers and ways to deliver tailored shopping experiences
Thank you!

Sally.lyonswyatt@iriworldwide.com
Appendix
## Macro Snack Categories

<table>
<thead>
<tr>
<th>HEALTHIER</th>
<th>INDULGENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Snacks</strong></td>
<td><strong>Extended Snacks</strong></td>
</tr>
<tr>
<td>- Carob/Yogurt Covered Snacks</td>
<td>- Soup</td>
</tr>
<tr>
<td>- Cheese (String &amp; Cubes)</td>
<td>- Canned/Bottled Fruit</td>
</tr>
<tr>
<td>- Dried Fruit</td>
<td>- Luncheon Meats</td>
</tr>
<tr>
<td>- Dry Fruit Snacks</td>
<td>- Cold Cereal</td>
</tr>
<tr>
<td>- Light Ice Cream/Sherbet/ Fz Novelties</td>
<td>- Cottage Cheese</td>
</tr>
<tr>
<td>- Sensible Salty Snacks</td>
<td>- Rfg Tortilla/Eggroll/Wonton Wrap</td>
</tr>
<tr>
<td>- Popcorn (Non-Sweet)</td>
<td>- SS Bottled Juice And Drink Smoothies</td>
</tr>
<tr>
<td>- Pretzels</td>
<td>- Breakfast Drink Mixes</td>
</tr>
<tr>
<td>- Reduced Fat Cookies</td>
<td></td>
</tr>
</tbody>
</table>
### True Believers

- **42 avg. age**
- **75% Caucasian**
- **$70K**
- **College / Post Grad**
- **West**

#### My Top 3 Priorities for...

<table>
<thead>
<tr>
<th>Food &amp; Beverage</th>
<th>Personal Care</th>
<th>Home Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made w/all natural ingredients</td>
<td>Free of chemicals</td>
<td>Most effective</td>
</tr>
<tr>
<td>Made w/organic ingredients</td>
<td>Made w/all natural ingredients</td>
<td>Eco-Friendly</td>
</tr>
<tr>
<td>Best taste</td>
<td>Most effective ingredients</td>
<td>Made w/all natural ingredients</td>
</tr>
</tbody>
</table>

#### What Holds Me Back

- Expense of natural/organic products
- Availability of natural/organic options at local store
- No all-natural/organic options available for products I like

#### Willing to Pay More For...

<table>
<thead>
<tr>
<th>Food &amp; Beverage</th>
<th>Personal Care</th>
<th>Home Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Non-GMO</td>
<td>Organic</td>
<td>Eco-Friendly</td>
</tr>
<tr>
<td>All Natural</td>
<td>All Natural</td>
<td>All Natural</td>
</tr>
<tr>
<td>Eco-Friendly</td>
<td>Eco-Friendly</td>
<td>Organic</td>
</tr>
<tr>
<td>Fair Trade</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### My Sources of Info.

- Twitter
- Facebook
- LinkedIn
- Google

---

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# Enlightened Environmentalists

## My Top 3 Priorities for…

<table>
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</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>Best Taste</td>
<td>Most effective ingredients</td>
<td>Eco-Friendly</td>
</tr>
<tr>
<td>Made w/organic ingredients</td>
<td>Made w/all natural ingredients</td>
<td>Multi-purpose</td>
</tr>
</tbody>
</table>

## What Holds Me Back

- Expense of natural/organic products
- Availability of natural/organic options at local store

## Willing to Pay More For…

<table>
<thead>
<tr>
<th>Food &amp; Beverage</th>
<th>Personal Care</th>
<th>Home Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic All Natural Non-GMO Eco-Friendly Fair Trade</td>
<td>Organic All Natural Eco-Friendly</td>
<td>Eco-Friendly All Natural Organic</td>
</tr>
</tbody>
</table>

## My Sources of Info.

- Celebrity Chefs
- Product Labels
Healthy Realists

<table>
<thead>
<tr>
<th></th>
<th>My Top 3 Priorities for…</th>
<th>What Holds Me Back</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
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<td>Most effective ingredients</td>
<td>Most effective</td>
</tr>
<tr>
<td>Made w/all natural ingredients</td>
<td>Is on sale/coupon</td>
<td>Is on sale/coupon</td>
</tr>
<tr>
<td>Is on sale/coupon</td>
<td>Not tested on animals</td>
<td>Multi-purpose</td>
</tr>
</tbody>
</table>

What Holds Me Back
- Availability of natural/organic options at local store

<table>
<thead>
<tr>
<th></th>
<th>Willing to Pay More For…</th>
<th>My Sources of Info.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
<td>Personal Care</td>
<td>Home Care</td>
</tr>
<tr>
<td>All Natural</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

39 avg. age
75% Caucasian

$70K
Skews $100K+

College+
Throughout U.S.