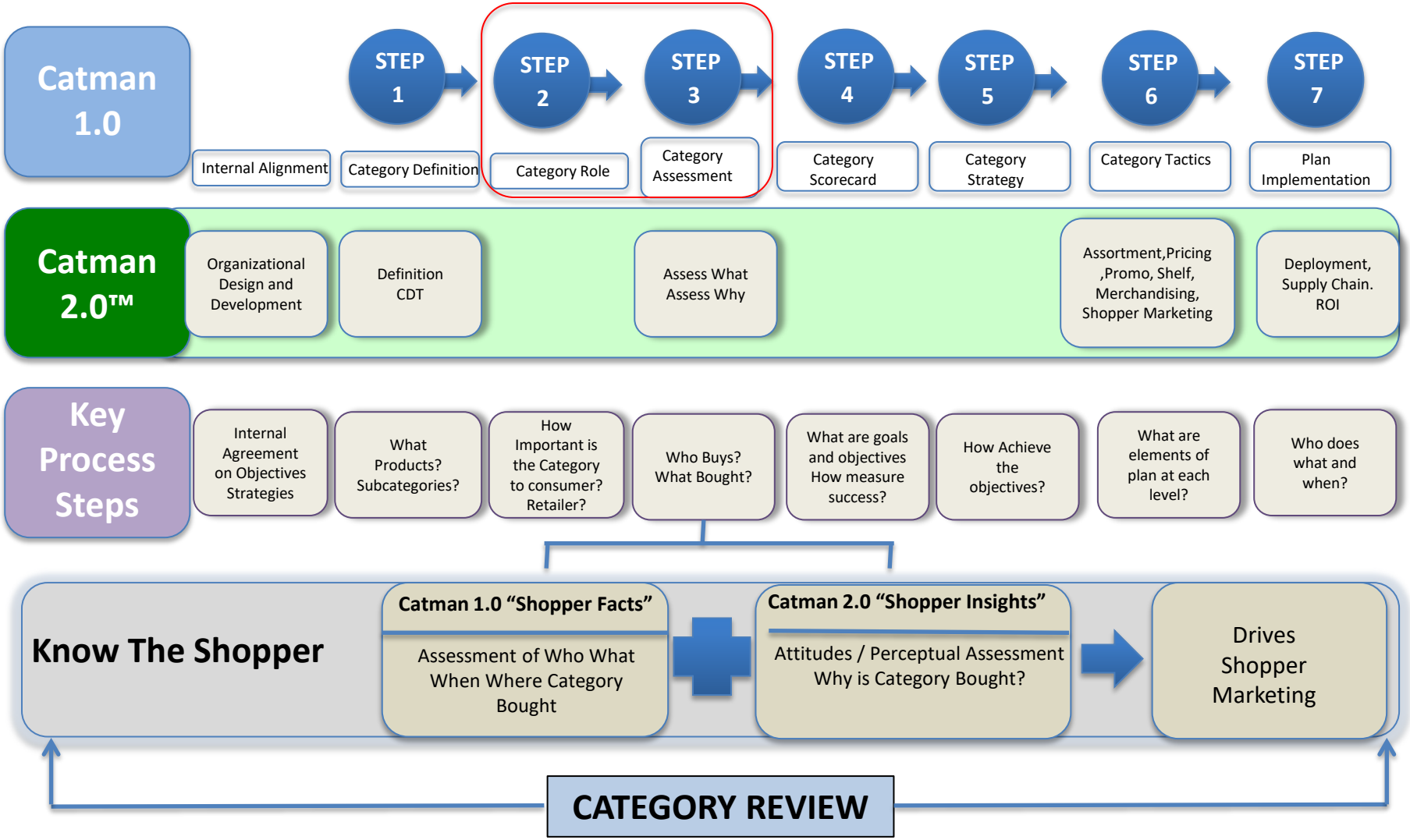
Shopper Led Category Management
Frozen and Refrigerated Category Roles

Bill Bean– **EVP Insights and Research**
Cell – 917-750-6291
Bill.bean@shopperintelligence.com
www.shopperintelligence.com

Shopper Intelligence
Understand. Influence. Lead.

Shopper Facts and Insights Should Be The Fuel for Category Management



Source: Category Management Association 2019

Core Processes are Usually Not Very Insightful

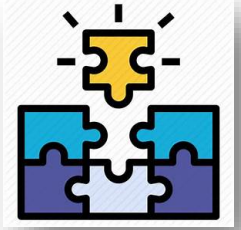
Destination

Routine

Preferred Routine

Convenience

Occasional Seasonal



Complementary

Classic CATMAN Category Roles

Shopper Intelligence
Understand. Influence. Lead.

Why Not Let Data Have a Voice In The Category Role Decision?

We Have Some Reasonable Suggestions

We Interview Thousands of Real Shopper in Over 100 Categories

Conducted on line shortly after last shopping trip

+

Each shopper rates one or two categories in just one retailer

+

Each category measured with identical questionnaire

- **All major retailers covered many others as well**
- **124+ categories measured across the store**
- **4 years of trend data across the store**

Designed to Bring The Shopper's Voice to Category Management

The Junction of Facts and Insights: The What and the Why

Source: Category Management Association 2019

At The Level of Dozens of Retailers

Shopper Intelligence
Understand. Influence. Lead.

Four Pillars of Shopper Information:

CATEGORY DNA

What makes the category 'tick

SATISFACTION

What do shoppers want and think

PATH TO PURCHASE

How are purchases made and what influences them

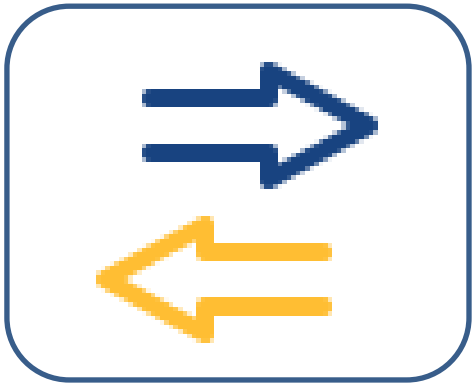
SHOPPER PROFILING

Who Shops?

CATEGORY DNA

A Look at Real Category Roles

Only Two Pathways to Growth



More Shoppers

More Often

TRAFFIC

More Spend

Units
Price

SPEND

We Ask Shoppers 10 Direct Questions About Potential Role

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

TRAFFIC*

- Main Reason I Go Shopping
- Promotions Encourage Shopping
- Retailer Does Well (Loyalty)
- Don't Want To Run Out
- Price Beacon

SPEND*

- Often Buy Extra
- Incremental New And Different
- Because There Anyway
- Don't Mind Paying More
- Buy Because I Feel Like It

Category Role Summary

**Average of statements*

NF: Agree 4,5 minus Disagree 1,2

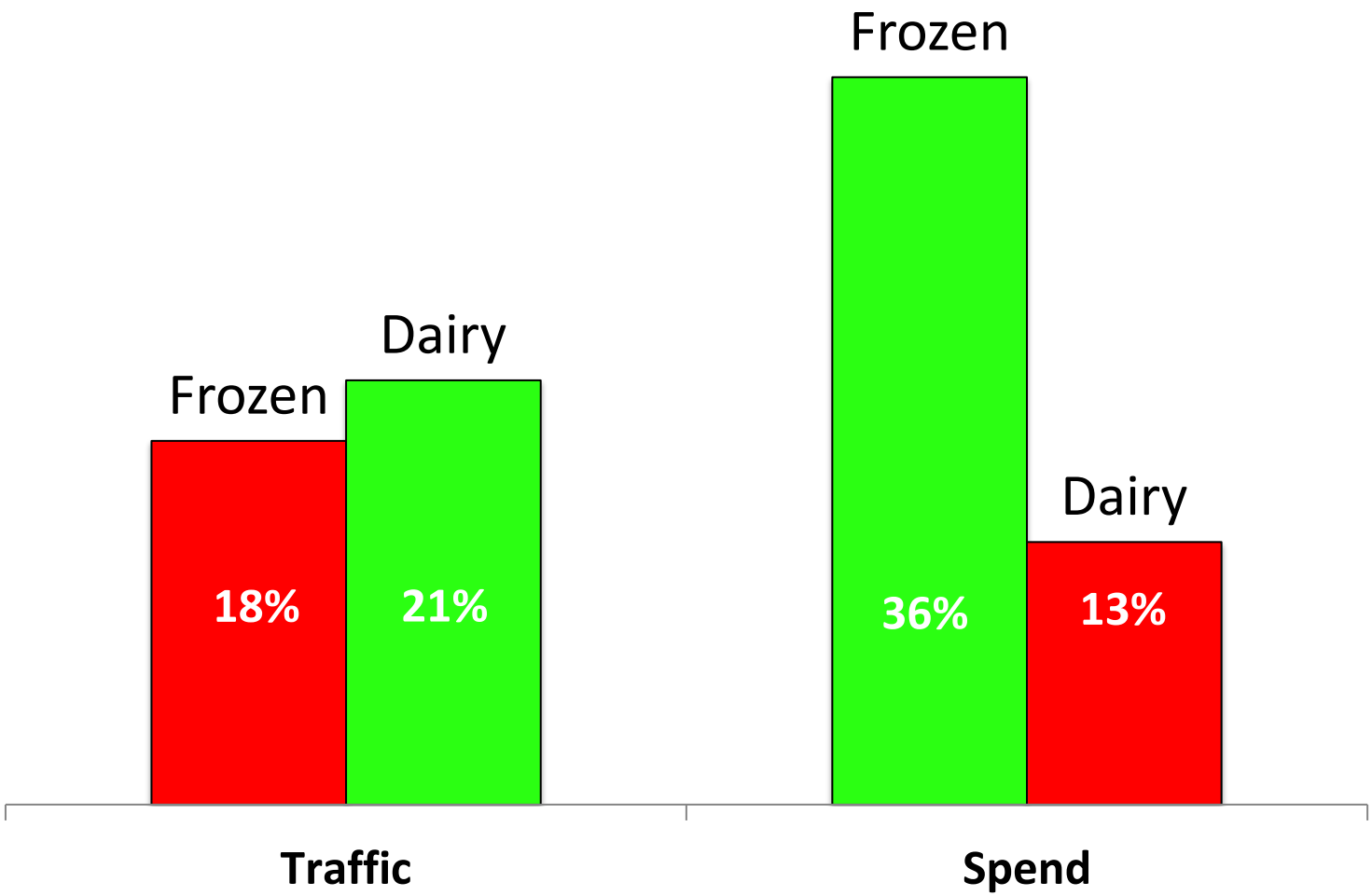
XX *Rank (of 124)*

n=1184

99%	90%	< 90%	90%	99%	> N
Benchmark: Alcohol (All Retailers)					

The Shopper Tells Us What Role The Category Plays

Frozen Is About Spend. Dairy is About Traffic

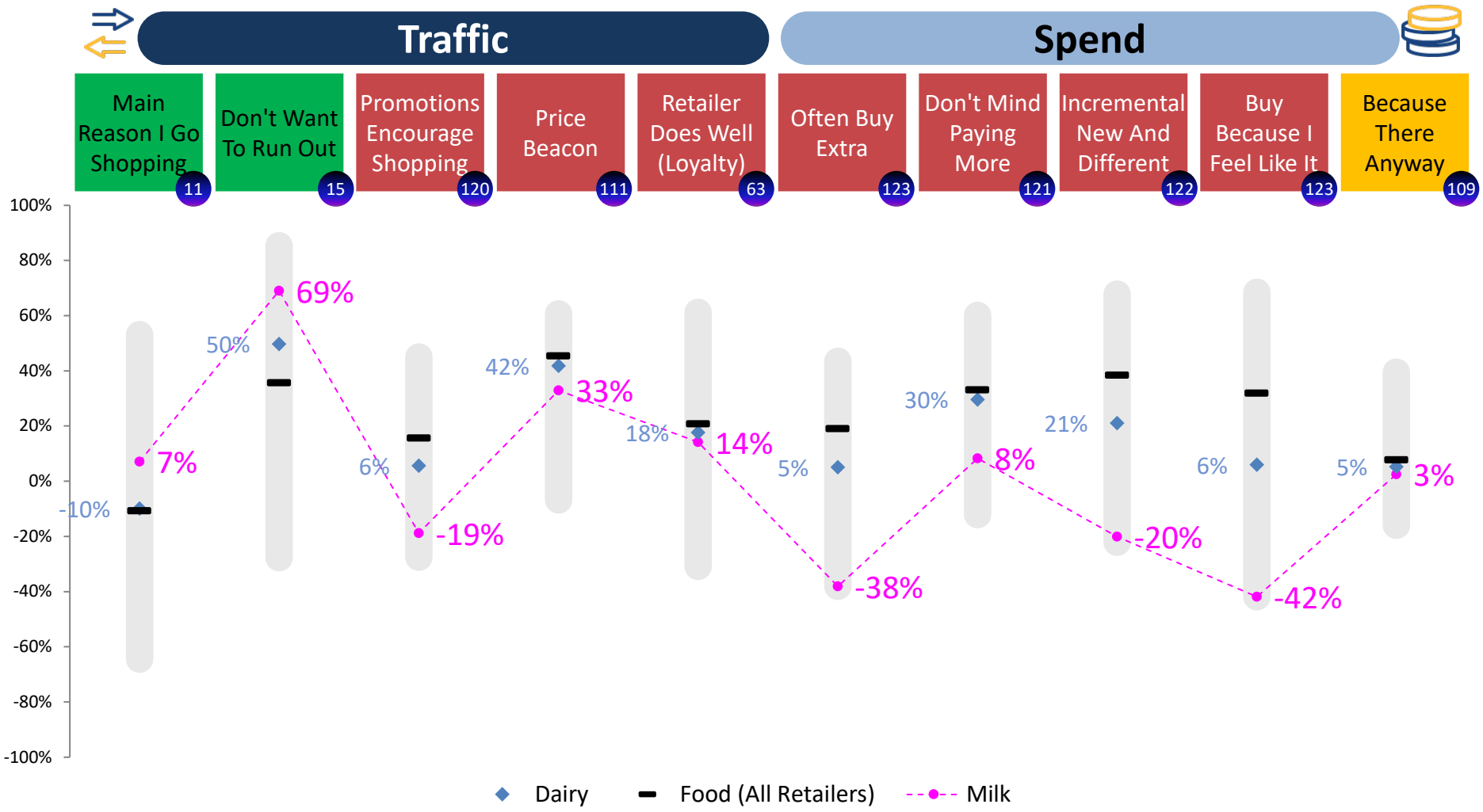


NFS Score Benchmarked to Total Food Category in Food Channel

Milk is Important But Is All About Routine

Milk - Total Food

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER



Range of ratings for statement: All Categories (Total Food)

NF: Agree 4,5 minus Disagree 1,2

xx *Rank (of 123)*

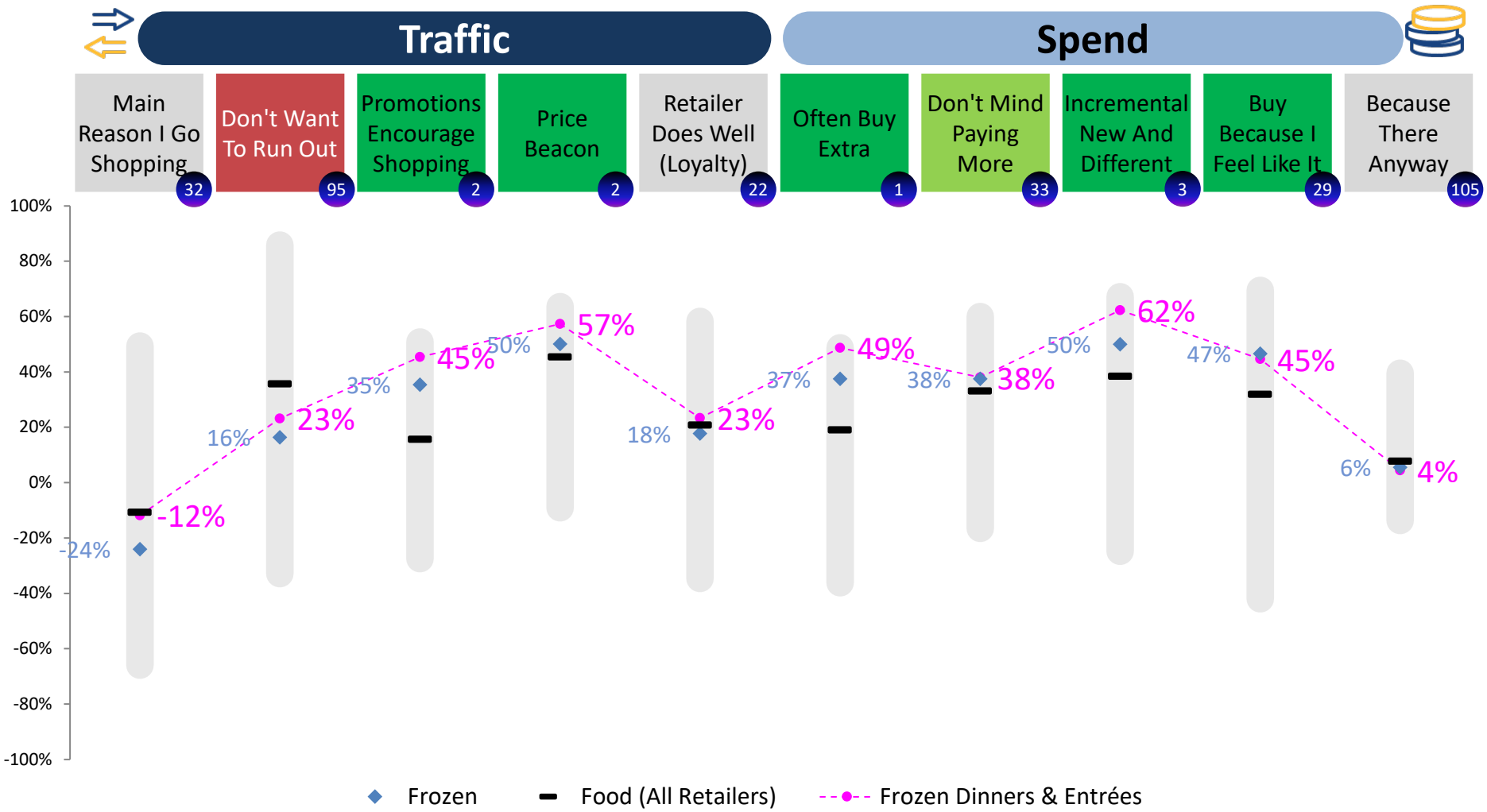
n=1571

99%	90%	< 90%	90%	99%	> N
Benchmark: Food (All Retailers)					

Dinners & Entrees Is A "Signpost" But Drives Revenue And Margin

Frozen Dinners & Entrées - Food - Traditional

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER



Range of ratings for statement: All Categories (Food - Traditional)

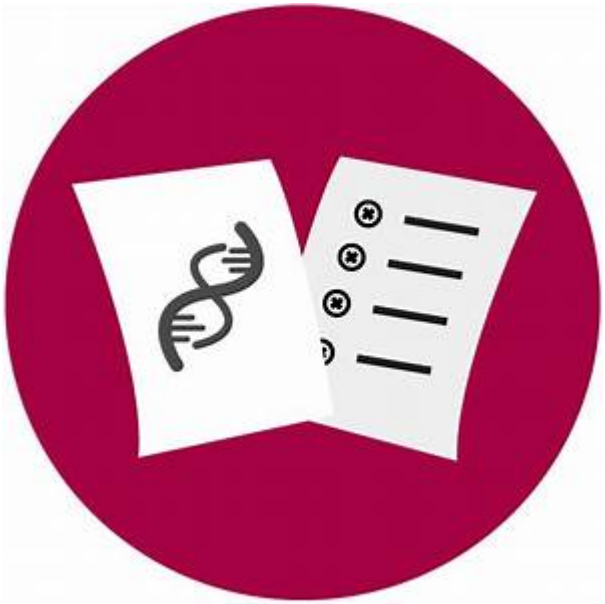
NF: Agree 4,5 minus Disagree 1,2

xx *Rank (of 123)*

n=1209

99%	90%	< 90%	90%	99%	> N
Benchmark: Food (All Retailers)					

Can Compare the Traffic/Spend Profiles of Each Category



Category Roles: Dairy Categories

- Although the Dairy Department is mostly a traffic driver motivated by a desire to not run out, there are a couple of exceptions:
  - Most of the Cheese Segments, especially snack and specialty cheeses have a strong Spend profile ranking high in premiumization potential and innovation.

- Specialty Cheeses rank highly as a category whose pricing defines the entire retailer banner and may drive retailer loyalty.

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

Category Role Detail: Traffic
Dairy Categories in Total Food

Shopper Intelligence

Traffic

	Main Reason I Go Shopping	Don't Want To Run Out	Promotions Encourage Shopping	Price Beacon	Retailer Does Well (Loyalty)
Dairy Department	-10%	50%	6%	42%	18%
Milk	7% 11	69% 15	-19% 120	33% 111	14% 63
Butter & Margarine	-30% 89	75% 5	8% 99	41% 68	8% 83
Natural Cheese	-11% 40	36% 74	18% 64	48% 31	25% 28
Prepackaged & Presliced Deli Cheese	-18% 59	41% 70	19% 58	51% 14	29% 18
Processed & Sliced Cheese	-21% 69	44% 63	17% 67	48% 27	20% 40
Shredded & Grated Cheese	-21% 68	51% 53	22% 47	53% 7	15% 58
Snack Cheese	-27% 81	24% 95	12% 86	41% 73	17% 48
Specialty Cheese	0% 18	30% 84	30% 16	41% 69	45% 6
Cottage/Cream Cheese & Sour Cream	-33% 99	21% 99	4% 106	40% 78	8% 81
Yogurt	-11% 39	45% 61	16% 69	43% 56	18% 45

NF: Agree 4,5 minus Disagree 1,2

xx *Rank*

99%	90%	< 90%	90%	99%	> N
Benchmark: Food (All Retailers)					

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

Category Role Detail: Spend

Dairy Categories in Food-Traditional

Shopper Intelligence

Spend

	Often Buy Extra	Don't Mind Paying More	Incremental New And Different	Buy Because I Feel Like It	Because There Anyway
Dairy Department	5%	30%	21%	6%	5%
Milk	-38% 123	8% 121	-20% 122	-42% 123	3% 109
Butter & Margarine	13% 100	25% 92	-3% 118	-30% 119	2% 111
Natural Cheese	26% 50	44% 14	46% 29	37% 39	9% 64
Prepackaged & Presliced Deli Cheese	23% 59	48% 8	53% 11	32% 49	0% 115
Processed & Sliced Cheese	22% 67	40% 30	44% 36	21% 64	3% 105
Shredded & Grated Cheese	28% 43	32% 71	39% 48	11% 77	3% 106
Snack Cheese	24% 57	40% 36	45% 32	49% 23	11% 54
Specialty Cheese	30% 33	59% 2	64% 3	56% 13	15% 32
Cottage/Cream Cheese & Sour Cream	5% 109	31% 77	14% 99	18% 69	4% 98
Yogurt	23% 64	36% 49	41% 42	27% 56	5% 92

NF: Agree 4,5 minus Disagree 1,2

xx *Rank*

99%	90%	< 90%	90%	99%	> N
Benchmark: Food (All Retailers)					

Category Roles: Frozen Categories

- Although some segments have attractive traffic driving elements, the Frozen Department is definitely about driving increased spend and revenue.
  - Responsive to promotion
  - Several segments highly ranked price beacons.
  - Green lit and highly ranked in almost all measures of Spend
- Dinners and Entrees, Ice Cream, and Frozen Seafood are particularly associated with Spend

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

Category Role Detail: Traffic

Frozen Categories in Food - Traditional

Traffic	Main Reason I Go Shopping	Don't Want To Run Out	Promotions Encourage Shopping	Price Beacon	Retailer Does Well (Loyalty)
Frozen Department	-24%	16%	35%	50%	18%
Frozen Dinners & Entrées	-12% 32	23% 95	45% 2	57% 2	23% 22
Frozen Pizza	-30% 80	13% 105	31% 24	44% 54	6% 76
Frozen Vegetables	-7% 23	51% 53	33% 19	50% 19	30% 10
Frozen Boxed Meat	-16% 44	11% 106	34% 17	49% 27	21% 27
Frozen Seafood	-22% 63	6% 109	41% 6	53% 9	27% 16
Frozen Potatoes & Onion Rings	-43% 113	-5% 117	12% 98	39% 92	3% 86
Ice Cream	-41% 107	9% 107	31% 25	47% 38	11% 61
Ice Cream Novelties	-32% 88	0% 114	27% 37	41% 74	14% 46

NF: Agree 4,5 minus Disagree 1,2

xx *Rank*

99%	90%	< 90%	90%	99%	> N
Benchmark: Food (All Retailers)					

Agreement Statements (NFS) on shopping for CATEGORY in RETAILER

Category Role Detail: Spend

Frozen Categories in Food - Traditional

Shopper Intelligence

Spend	Often Buy Extra	Don't Mind Paying More	Incremental New And Different	Buy Because I Feel Like It	Because There Anyway
Frozen	37%	38%	50%	47%	6%
Frozen Dinners & Entrées	49% 1	38% 33	62% 3	45% 29	4% 105
Frozen Pizza	36% 22	38% 31	42% 32	56% 9	5% 98
Frozen Vegetables	40% 7	38% 35	56% 7	30% 50	9% 68
Frozen Boxed Meat	31% 41	37% 39	41% 37	27% 54	4% 109
Frozen Seafood	37% 16	37% 41	44% 28	46% 25	6% 96
Frozen Potatoes & Onion Rings	12% 106	32% 58	35% 53	42% 33	10% 65
Ice Cream	33% 35	38% 30	48% 19	57% 7	5% 103
Ice Cream Novelties	34% 30	33% 51	48% 22	55% 11	13% 48

NF: Agree 4,5 minus Disagree 1,2

xx *Rank*

99%	90%	< 90%	90%	99%	> N
Benchmark: Food (All Retailers)					

Top 10 Traffic Driver Total US Food Stores

Top 10	%
Fresh Vegetables	47%
Fresh Fruit	40%
Fresh Beef	38%
Baby Food	38%
Infant Formula	37%
Feminine Care	35%
Soft Drinks	32%
Cat Food - Dry & Moist	32%
Hair Styling Aids	32%
Specialty Cheese	31%

n= 25547

Top 10 Spend Categories US Food

n= 25547

Top 10	%
Specialty Cheese	50%
Fresh Rolls & Baked Goods	40%
Single Serve Shelf Stable Juices	39%
Hot Dogs	36%
Side Dishes	36%
Cat Treats	36%
Fresh Seafood	36%
Potato Chips	35%
Fresh Vegetables	35%
Baby Food	35%

Category Roles 2.0:
One Step Further to "Category Impact"

A Model With Definite Implications and Pathways to Growth

Intentionality Differentiation Framework

Some categories drive shoppers to the store and are highly planned

Drives Traffic*
Highly Planned

Low Intentionality

High Intentionality

Why is this relevant?

- Flagship categories for retailers
- Overinvest to drive footfall
- Win at retail brand level with these categories
- Allocate investment pre- and in-store

*Traffic: Main reason I go shopping and promotions encourage shopping

Some categories offer opportunity to trade up and build retailer loyalty

Willing to Pay More Retailer Loyalty

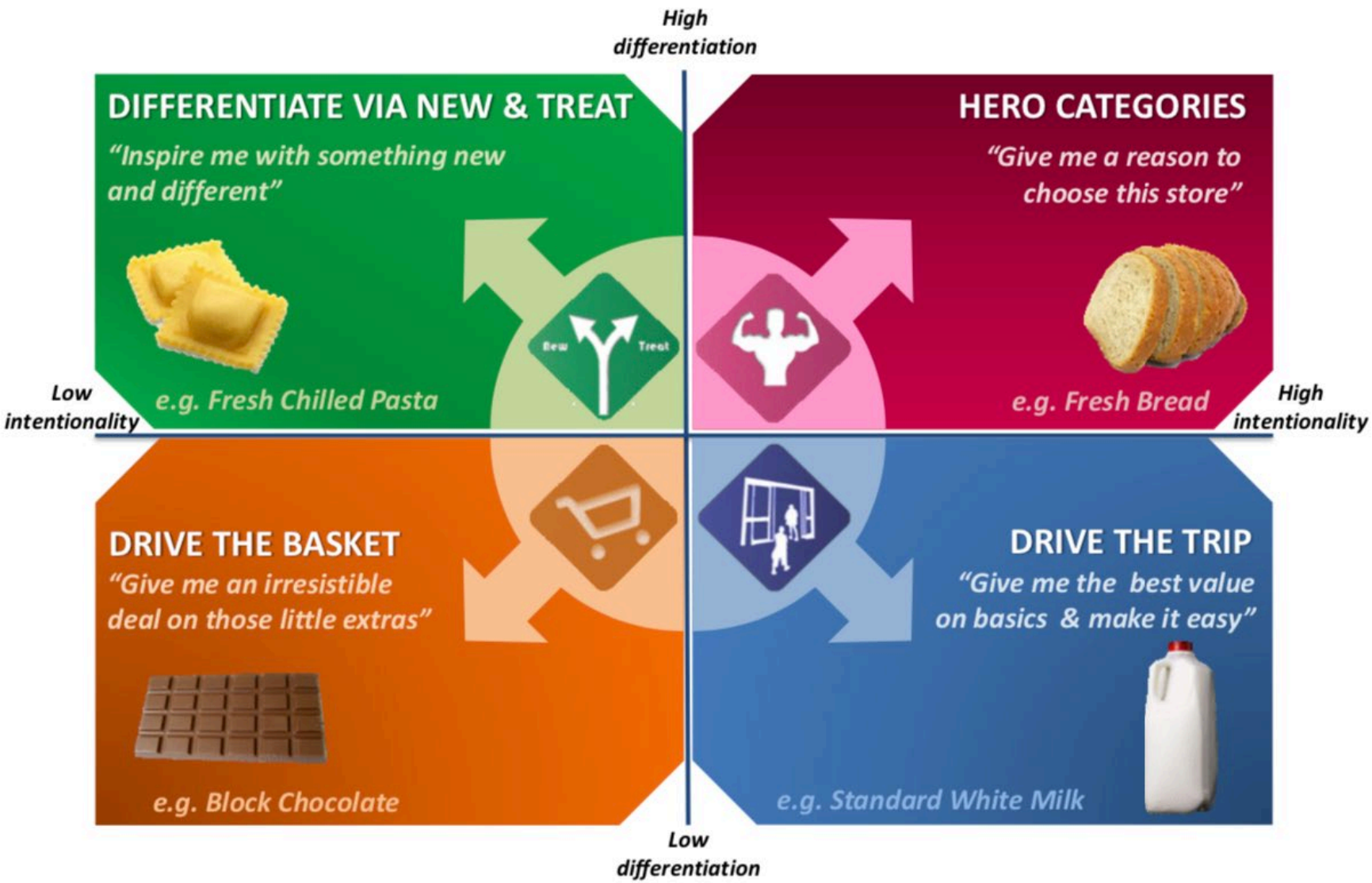
High Differentiation

Why is this relevant?

- Offer premium
- Maintain high average selling price tiers (less need to deep discount)
- Drive retailer loyalty and switching
- Establish shopper loyalty and routine in category (repeat purchases)

Low Differentiation

A Framework for Retailer Portfolio Planning



CATEGORY MATRIX

High Differentiation

Low Differentiation

Low Intentionality

High Intentio

INSPIRE ME

"Inspire me with something new and different"

- Lead on in-store impulse
- Use Display/Theatre to attract
- Range rotation and Invest in Innovation
- Trade up through Premium
- Use multi-buy to drive weight of purchase

HERO

"Give me a reason to choose this store"

- Lead on innovation
- Simple and easy to shop
- Focus on OOS
- Use theatre to create a destination
- Promote pre-store
- Opportunity/Threat in Store Brands

DRIVE THE BASKET

"Give me an irresistible deal on those little extras"

- Lead on in-store impulse
- Invest in Price to "Wow" the Shopper
- Invest in Display to tempt via occasion/need state
- Volume trade up (e.g., larger packs, volume through price)

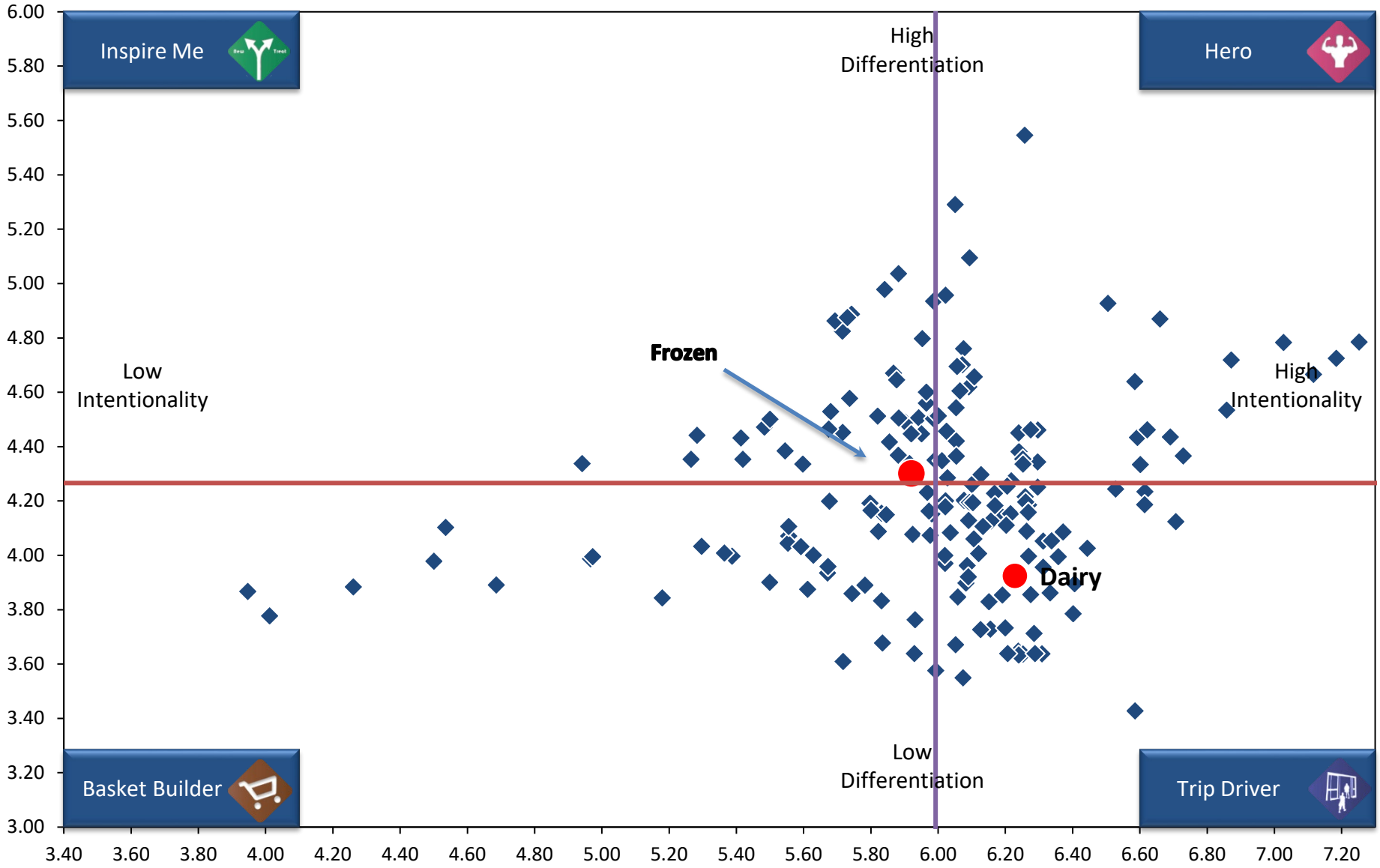
DRIVE THE TRIP

"Give me the best value on basics & make it eas

- Lead on availability
- Lead on value (get the basics right)
- Easy to find and shop
- Promote pre-store

Different categories have different roles for retailers and shoppers

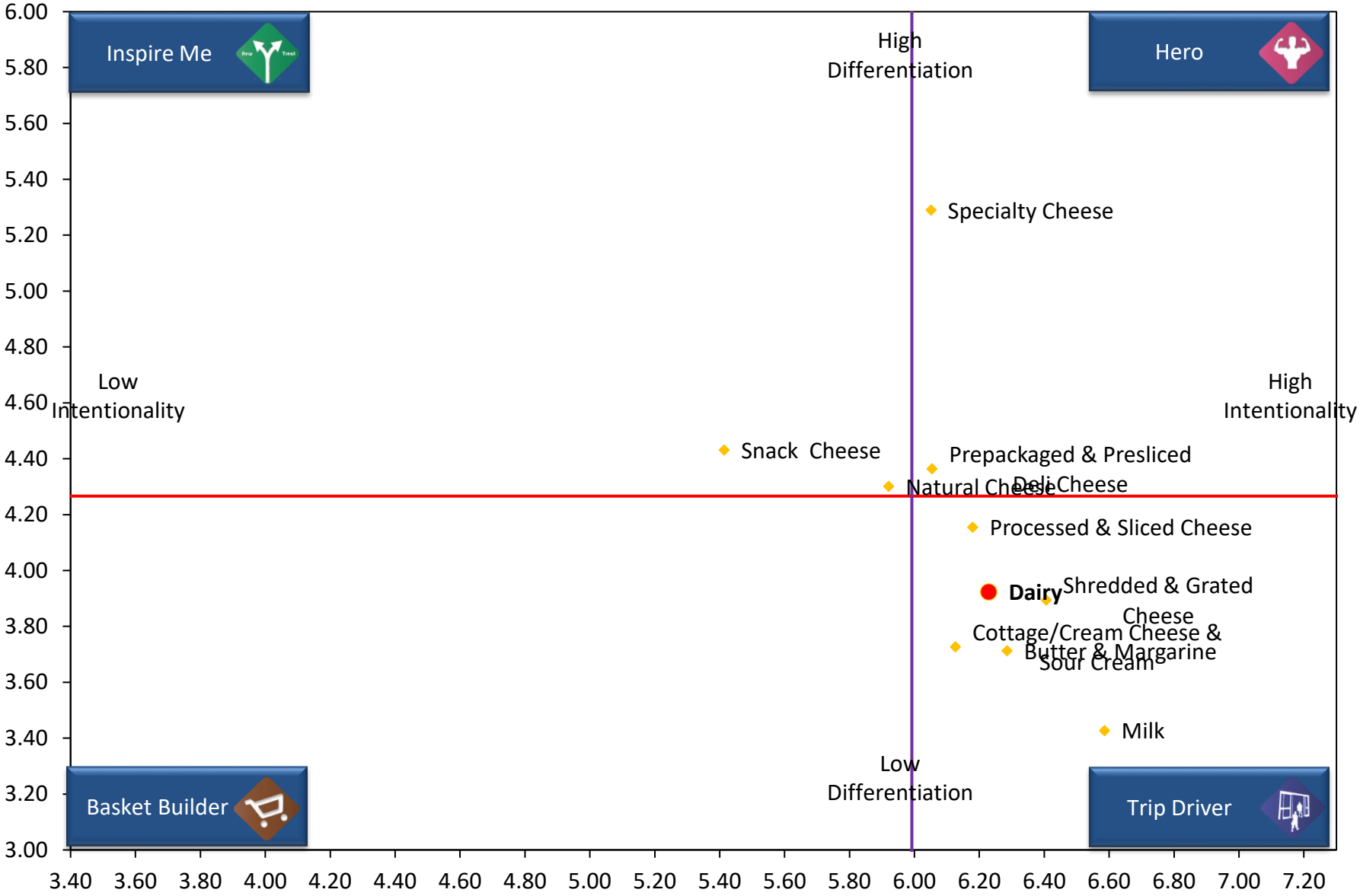
Frozen and Dairy - Total Food



Benchmark to Food (All Retailers)

Big Departments Not Homogenous. Consider the Subcategories

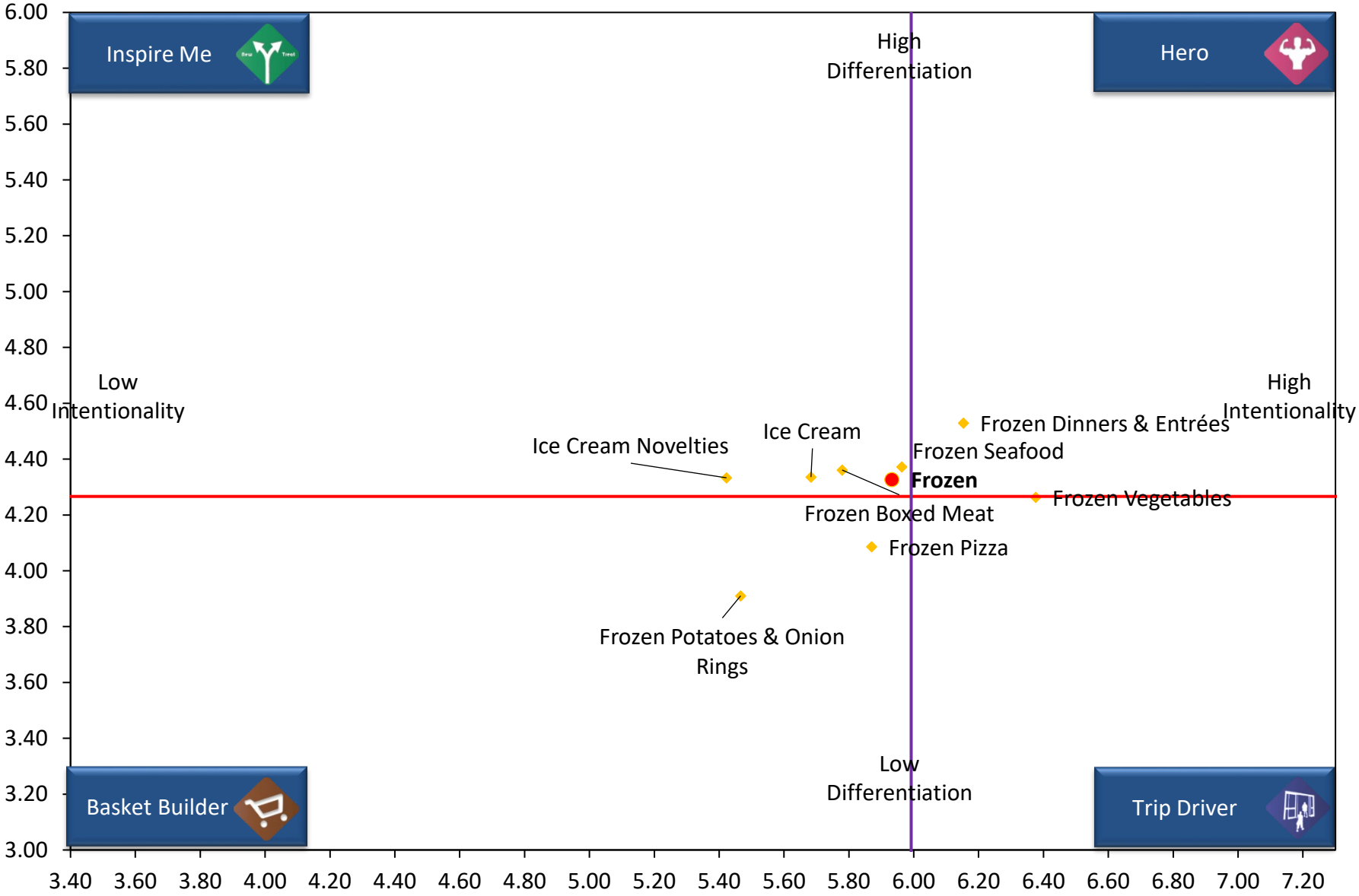
Total Food



Benchmark to Food (All Retailers)

Big Departments Not Homogeneous

Food - Traditional



Benchmark to Food (All Retailers)

INSPIRE ME

- Snack Cheese
- Natural Cheese
- Ice Cream
- Ice Cream Novelties
- Frozen Boxed Meat
- Frozen Seafood
- Frozen Side Dishes

- Lead on Store Impulse
- Invest in new Innovation to Differentiate
- Invest in Display and Theater
- Trade up through Premium

- Lead on Innovation
- Pre-store Advertising
- Promotion out of store
- Simple Shelf/Focus on OOS
- Opportunity/Threat in Private Label

Hero

- Specialty Cheeses
- Prepackaged and Processes Cheese
- Deli Cheese
- Frozen Dinner and Entrees
- Frozen Vegetables
- Fresh Meats

Shopper Intelligence

Basket Builder

- Frozen Pizza
- Frozen Potato/Onion Rings
- Hot Dogs
- Bacon

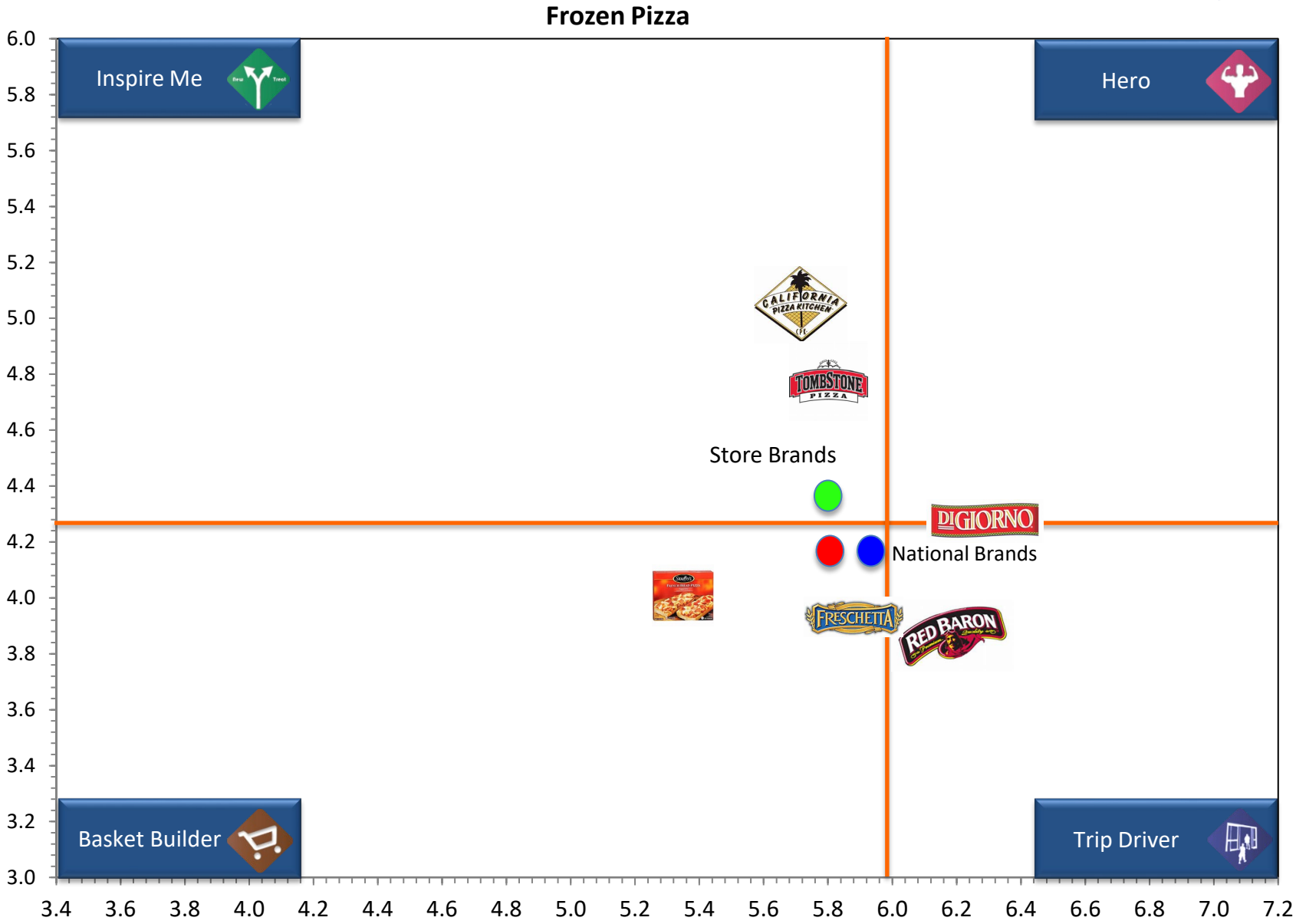
- Lead on In-store Impulse
- Invest on Price to "wow" with bargains
- Invest on Display to tempt on occasion/need state
- Volume trade-up (e.g.. Larger packs, multiple purchase)

- Lead on availability and price-Get basics right
- Pre-store advertising
- Promotion out of store
- Simple at shelf
- Easy to find in store

Drive the Trip

- Milk
- Processed and Sliced Cheese
- Cottage Cheese and Sour Cream
- Shredded and Grated Cheese
- Refrigerated Juices
- Sliced Luncheon Meat

The Framework Is Useful for Brands Too



How Much of All This is Still Relevant During This Crisis?

- **Probably More Than We Think But We'll Have to Wait And See…**

In Previous Crises Shoppers Behaved Rationally But Their Stimuli Changed

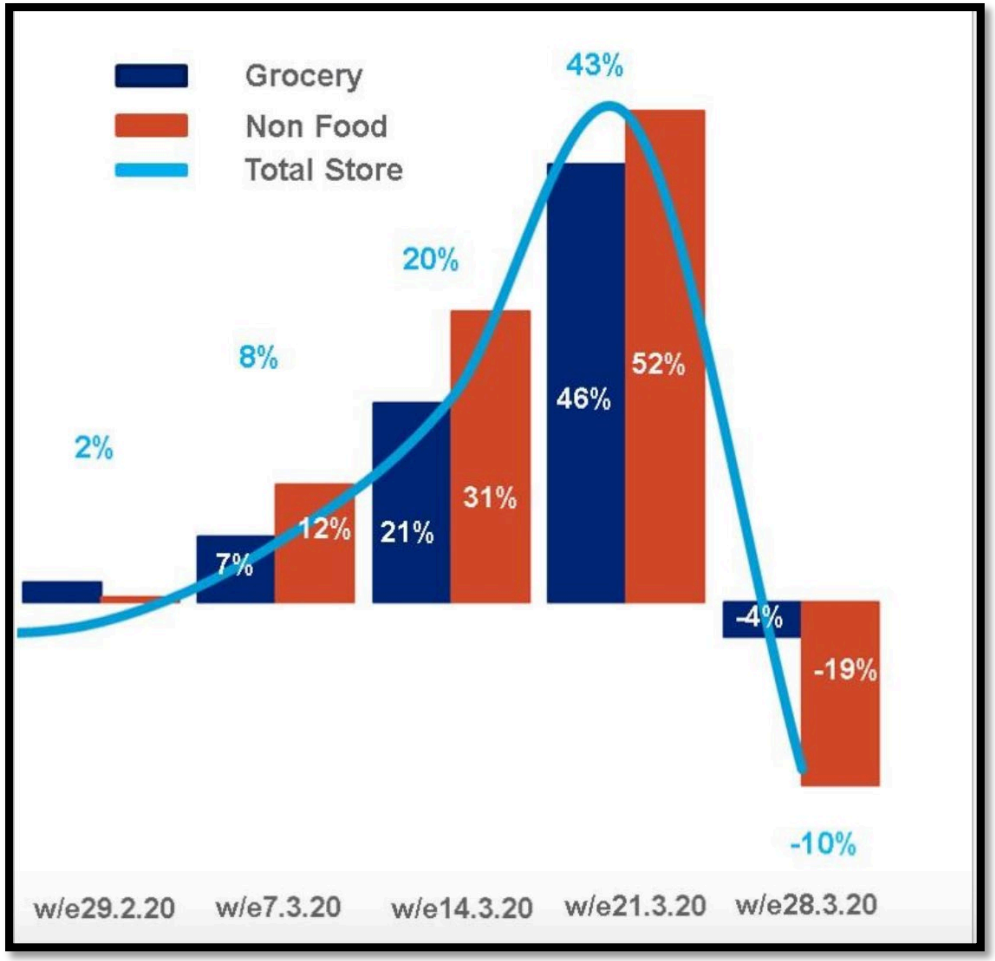
- Many Marketers Assumed in the 2008 Recession That Shoppers Were or Would Be Different coming out of the crisis
  - More Sensitive to Prices Because Had Less Money
  - Left the Stores and Needed Promotions to Bring Them Back
  - Many advertisers shut down consumer marketing and held back money.

- So Lots of Promotions and Pricing were Offered.

We found that this perception was wrong.

- *Responses were the same.*
- *The shoppers did not really change.*
- *The retailers and marketers did.*

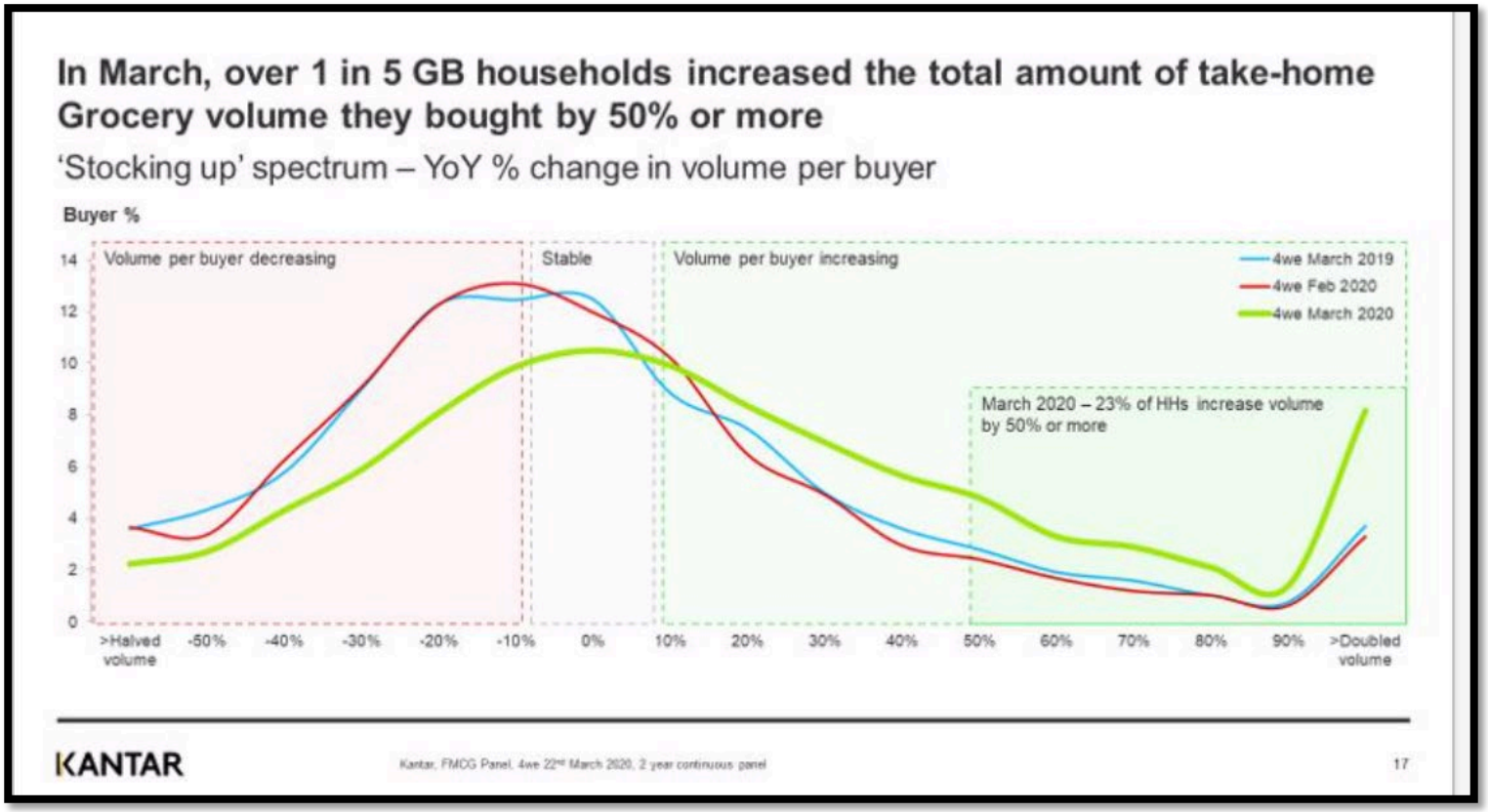
Supply Chains Obviously Hit Hard, But Will Get A Chance To Catch Their Breath



IRI UK Weekly Sales Trends

"Panic Buying" Is Not A Totally Accurate Description

- At first signs of the pandemic, relatively few households bought huge amounts
- Most households bought just a bit more
- When lockdown announced, baskets increased nominally, but made a lot more trips
- Pantries are loaded mostly now.



Some Obvious Changes in Behavior, But Motivations Seem Stable

Large stock-ups have increased.

Top-Ups and Immediate Consumption Trips have decreased

Traditionally 'less-frequently' purchased items have increased in frequency during this period

The 'Stock-Up' occasion has increased – but only slightly.

Shoppers continue to shop with specific meals/occasions in mind.

Average spend by category has increased (+21%)

Females remain the primary shopper.

But younger shoppers (18-34) increase (+9%) as does 'shopping for myself' (+21%)

Shopper Intelligence Covid-19 Study Ireland

Generally Just Bought More of What They Always Bought For the Same Reasons

2018/19 Traffic Motivations

Don't Want To Run Out (NF)	Rank of 10	Category
82%	1	Bathroom Tissue
79%	2	Coffee
75%	3	Cat Food
74%	4	Laundry Detergent
73%	5	Paper Towels
71%	6	Dish Detergent
71%	7	Butter & Margarine
70%	8	Dog Food
70%	9	Feminine Care
69%	10	Milk

Even During This Event, Shopping Is Surprisingly "Normal" Underneath

3. Shopper Behaviour

We would expect shopper behaviours like pre-planning, shopping quickly and switching to increase dramatically during a panic-buying/stock-piling period. However, at a top line view, shopper behaviour has stayed quite consistent.

It appears shoppers don't think what they are doing constitutes 'panic-buying' or 'stock-piling' – they are just getting a few extras. But when we look at some of the motivations behind their behaviour there are some insightful differences vs regular shopping.

Planned vs Unplanned Behaviour has remained the same overall.

However, planning is less likely driven by 'regular/ routine' purchases and more likely through fear of 'running out', 'requested by others' and by 'pre-store promos' like store coupons and advertising.

(ie pre-store promos are currently more effective for driving traffic vs regular times)

Brands remain important to shoppers in these times.

Shoppers over-index for being 'brand planned' and also for 'sticking to brands I know' currently vs regular shopping.

This suggests that it is not simply a case of anything will do for shoppers.

Switch vs Walk Away Behaviour has remained consistent overall.

The only significant difference is that shoppers are less likely to 'go to another store' if what they want is unavailable.

Again, this suggests no apparent panic for shoppers to throw anything into the basket.

Shoppers are less likely to Grab&Go (ie shop quickly) now vs regular shopping.

Shoppers are less likely to 'know what I want' going into the store (linked to less routine/regular purchases?).

As such they are spending more time 'Browsing' in-store vs regular shopping.

Increased Spend is being driven by specific areas…

Shoppers are spending more on 'new/different' and buying extra 'because I feel like it' (treating themselves?)

They over-index for shopping off 'Aisle Ends' and shoppers feel that the more they buy, the more they will consume (expandability).

However, shoppers are less likely to trade up to 'premium' and are more open to Private Label.

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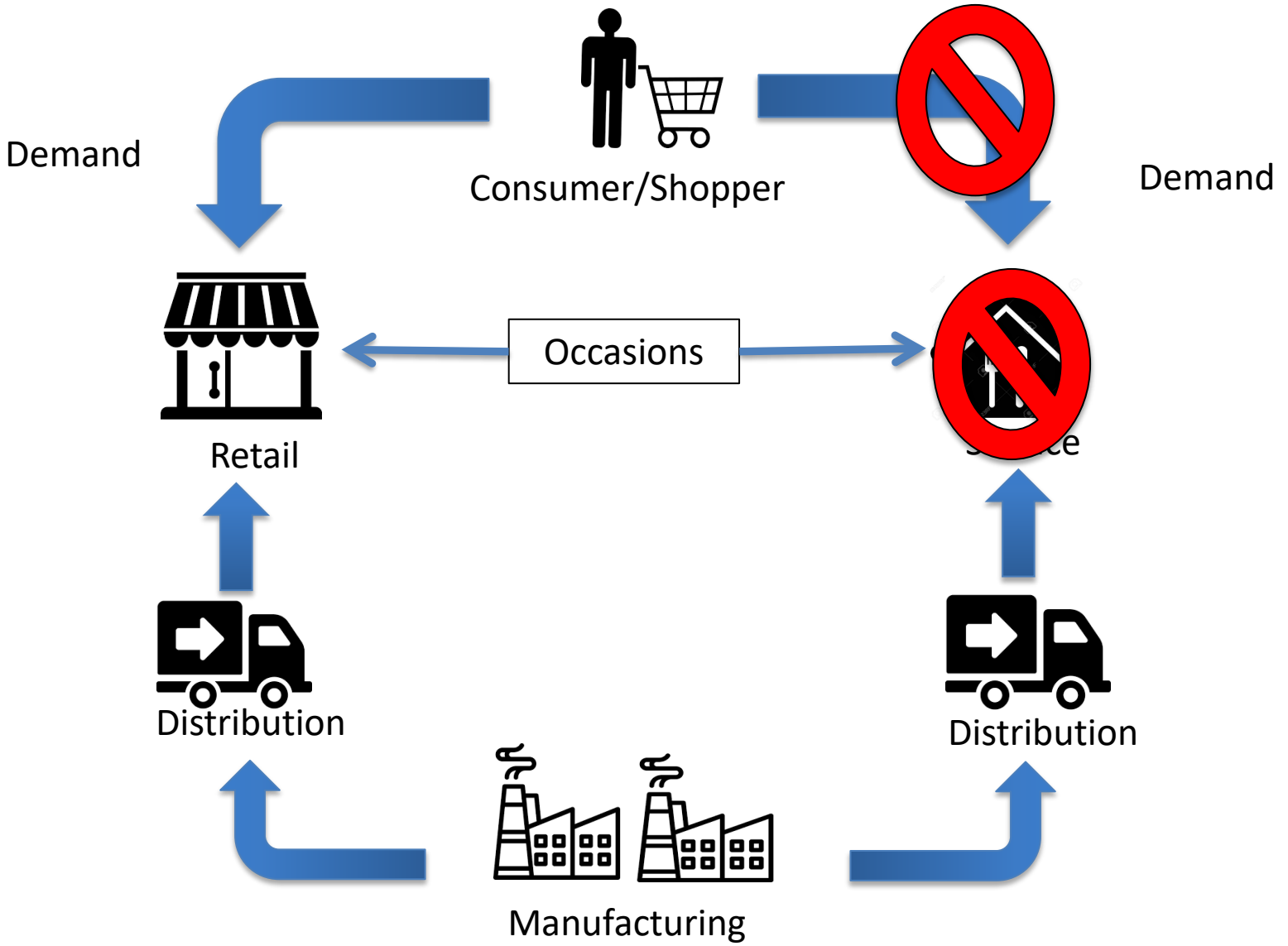
Lockdown Shifted Demand To Retail



What Does The Future of Shopping Look Like After This?

What Do We Want It To Look Like?

Thank You!

Bill Bean
917-750-6291
Bill.bean@shopperintelligence.com

Shopper Intelligence
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Supplementary

