BREAKING AVERAGES:
The Importance of Good Product & Consumer
Segmentations to Predict COVID's Impact on Shoppers

CONVERGE 2020

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CONTENTS

- **Introduction**

- Consumer behaviors in the pandemic

- Case study: Bars category

- Lessons for your business

- Q&A

Introducing your hosts

Randall Froeschle
Senior Director, Global Commercial Analytics
Chicago, IL

Andrew Glor
Principal Consultant
Washington, DC
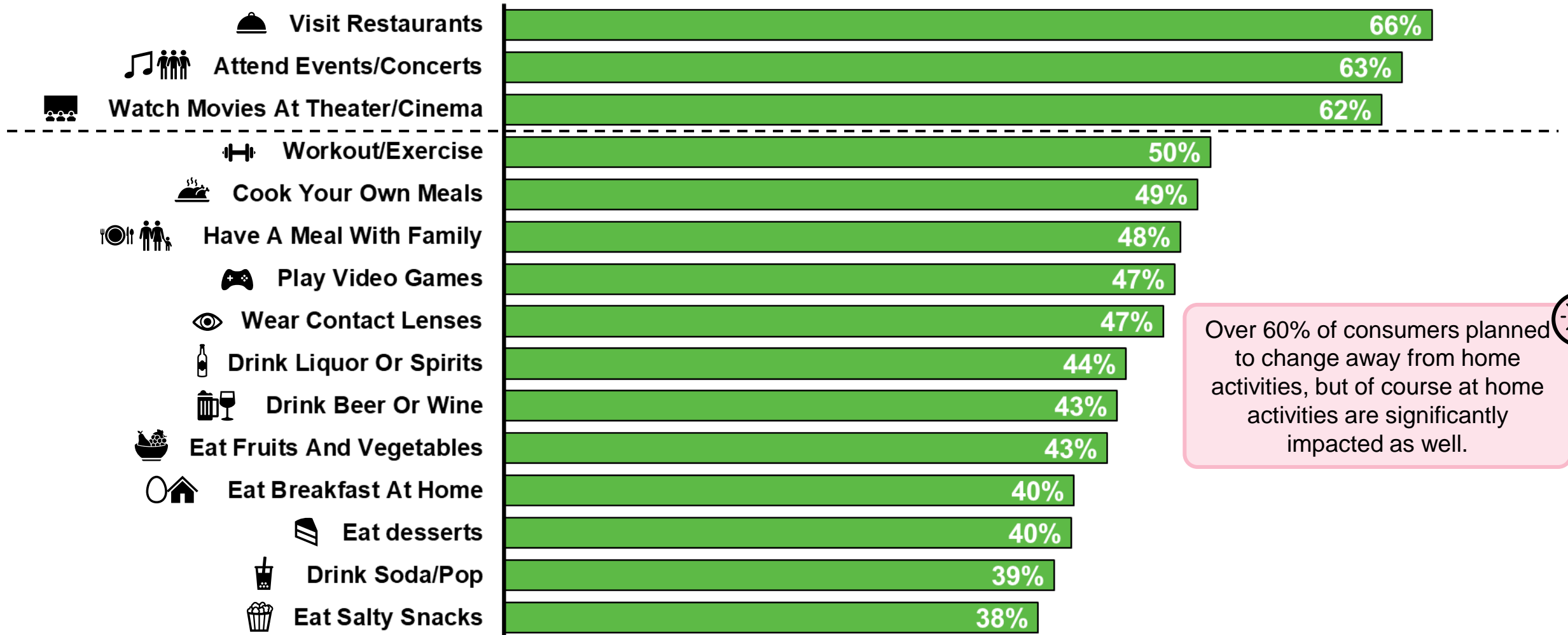
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Foresight conducted a survey to identify behaviors most impacted by the pandemic

Which behaviors will be impacted the most?
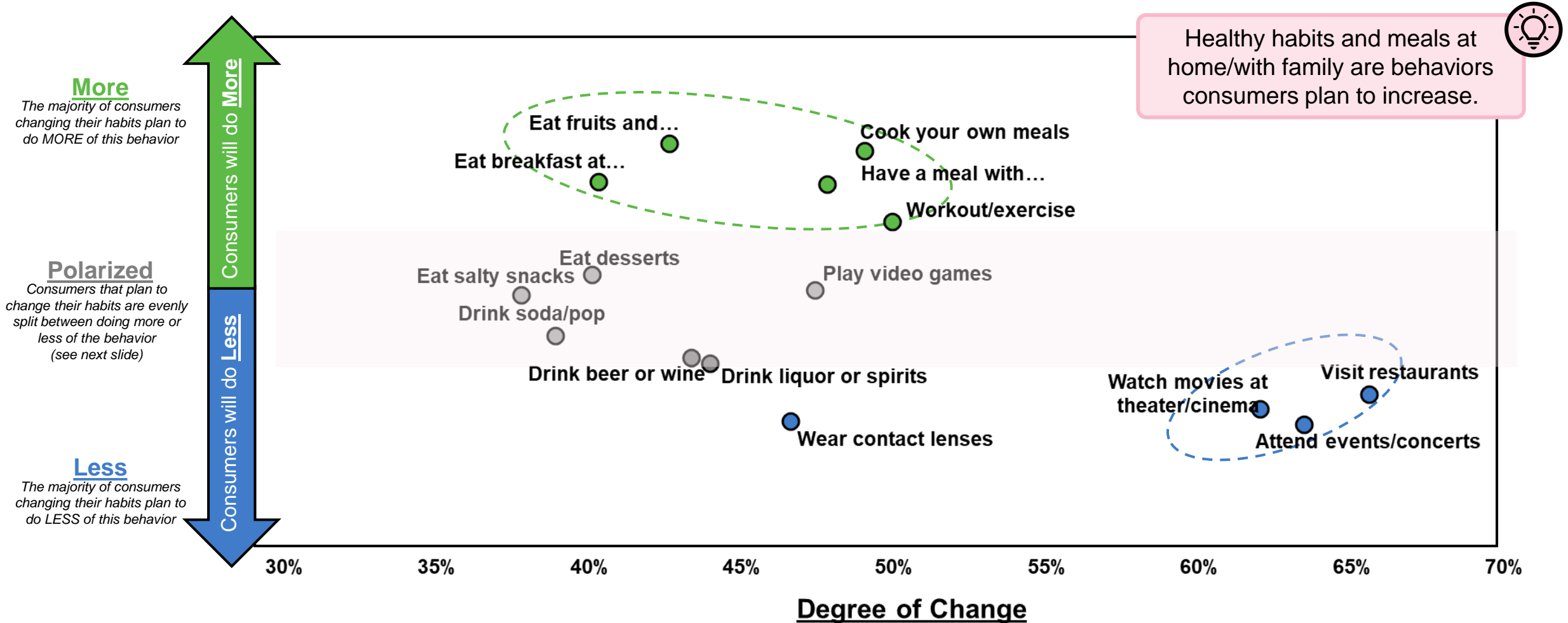*% of respondents who plan to change their behaviors (start, stop, increase, or decrease) each activity*

Behavior	%
Visit Restaurants	66%
Attend Events/Concerts	63%
Watch Movies At Theater/Cinema	62%
Workout/Exercise	50%
Cook Your Own Meals	49%
Have A Meal With Family	48%
Play Video Games	47%
Wear Contact Lenses	47%
Drink Liquor Or Spirits	44%
Drink Beer Or Wine	43%
Eat Fruits And Vegetables	43%
Eat Breakfast At Home	40%
Eat desserts	40%
Drink Soda/Pop	39%
Eat Salty Snacks	38%

Over 60% of consumers planned to change away from home activities, but of course at home activities are significantly impacted as well.

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Consumers anticipate the greatest increase in 'healthy' behaviors

Which activities will consumers do more/less?

% of respondents who plan to change their behaviors for each activity x whether the changes skew towards more or less
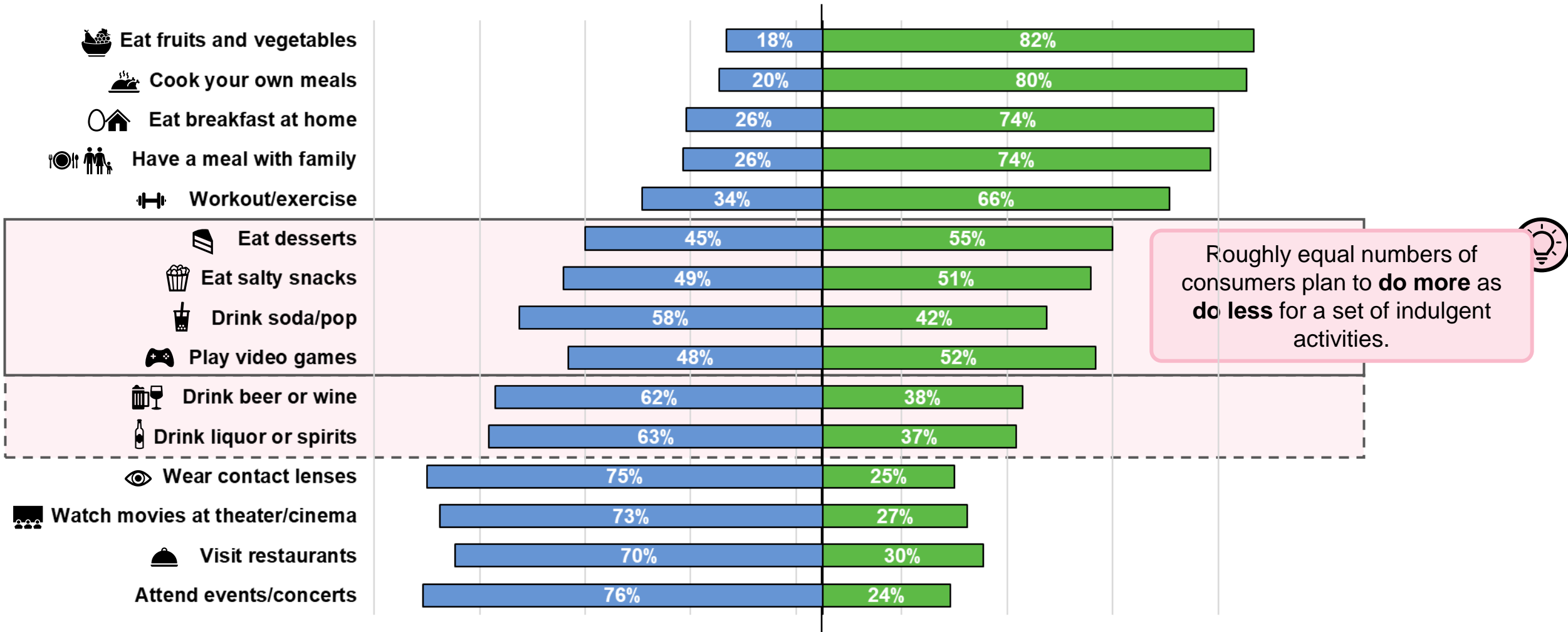
More
The majority of consumers changing their habits plan to do MORE of this behavior

Consumers will do **More**

Polarized
Consumers that plan to change their habits are evenly split between doing more or less of the behavior (see next slide)

Consumers will do **Less**

Less
The majority of consumers changing their habits plan to do LESS of this behavior

Healthy habits and meals at home/with family are behaviors consumers plan to increase.

Eat fruits and…

Eat breakfast at…

Cook your own meals

Have a meal with…

Workout/exercise

Eat desserts

Eat salty snacks

Play video games

Drink soda/pop

Drink beer or wine

Drink liquor or spirits

Watch movies at theater/cinema

Visit restaurants

Wear contact lenses

Attend events/concerts

30%   35%   40%   45%   50%   55%   60%   65%   70%

Degree of Change

The percent of consumers who plan to change their habits for each behavior after the outbreak

Response patterns are highly polarized for 'indulgent' food and bev behaviors

Which activities will consumers do more/less?
Of those who plan to change their behavior, what % of respondents plan to do more v. less

Activity	Do less	Do more
Eat fruits and vegetables	18%	82%
Cook your own meals	20%	80%
Eat breakfast at home	26%	74%
Have a meal with family	26%	74%
Workout/exercise	34%	66%
Eat desserts	45%	55%
Eat salty snacks	49%	51%
Drink soda/pop	58%	42%
Play video games	48%	52%
Drink beer or wine	62%	38%
Drink liquor or spirits	63%	37%
Wear contact lenses	75%	25%
Watch movies at theater/cinema	73%	27%
Visit restaurants	70%	30%
Attend events/concerts	76%	24%

Roughly equal numbers of consumers plan to **do more** as **do less** for a set of indulgent activities.

Household segmentation reveals important differences in eating behaviors

How do different types of consumers plan to change behaviors after the pandemic?

Specific consumer demographics compared to total population in terms of likelihood to 'do more' or 'do less' within "polarized" behaviors

	Households **without** Children *(Net Behavior Change)*	Households **with** Children *(Net Behavior Change)*
Indulgent Behaviors Eat Dessert Eat Salty Snacks	+1% -10%	+22% +14%
Healthy Behaviors Eat Fruits/Vegetables Cook Own Meals Eat Breakfast @ Home	+72% +54% +49%	+57% +68% +49%
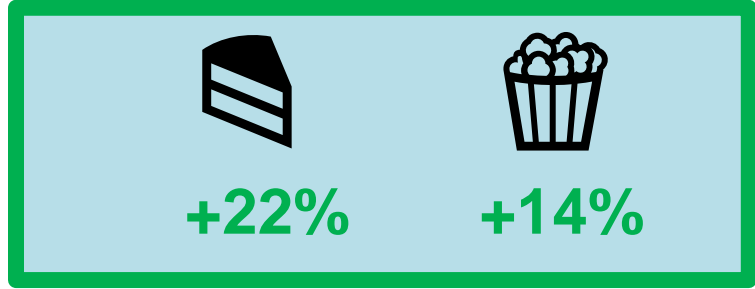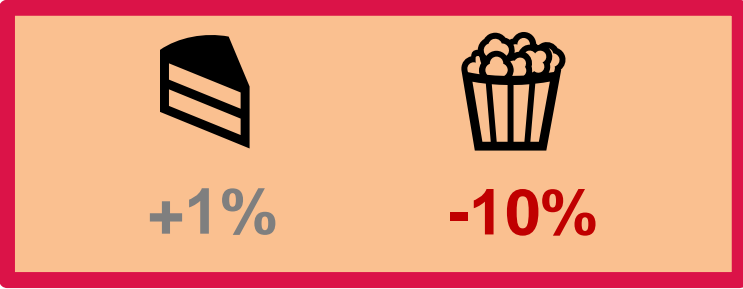
Households with children are more likely to plan increased consumption of indulgent foods.

CONTENTS

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Kellogg's engaged in an exercise to understand COVID impact to total company

Macro Indicators

Consumer Behavior Changes

Category Trends

Scenarios: Multiple Waves

70+ Market-Category Combinations

Bars?
A Natural Experiment for Segmentation and Deeper Insights
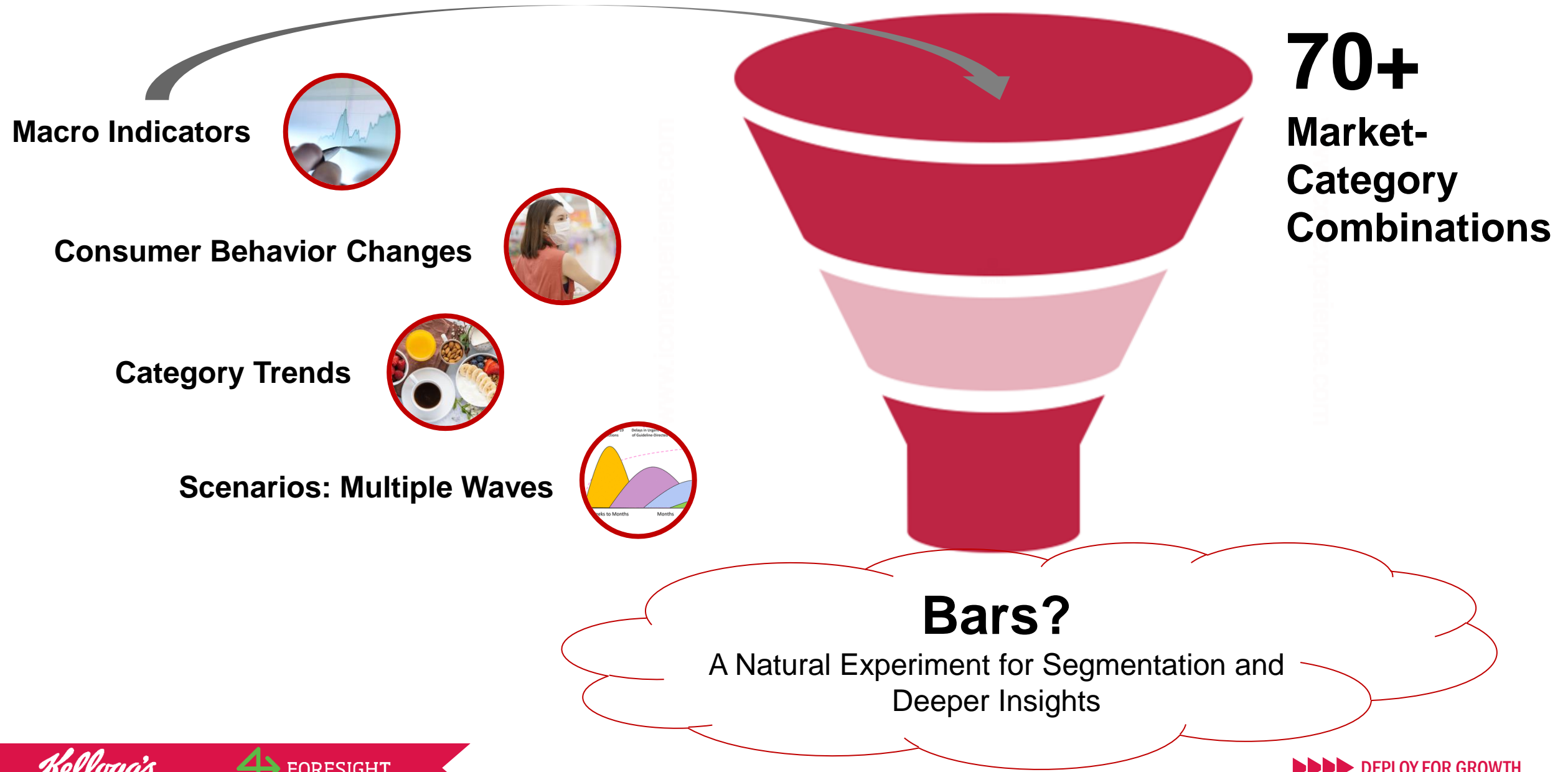
Why are Bars complex? Two distinct types of products
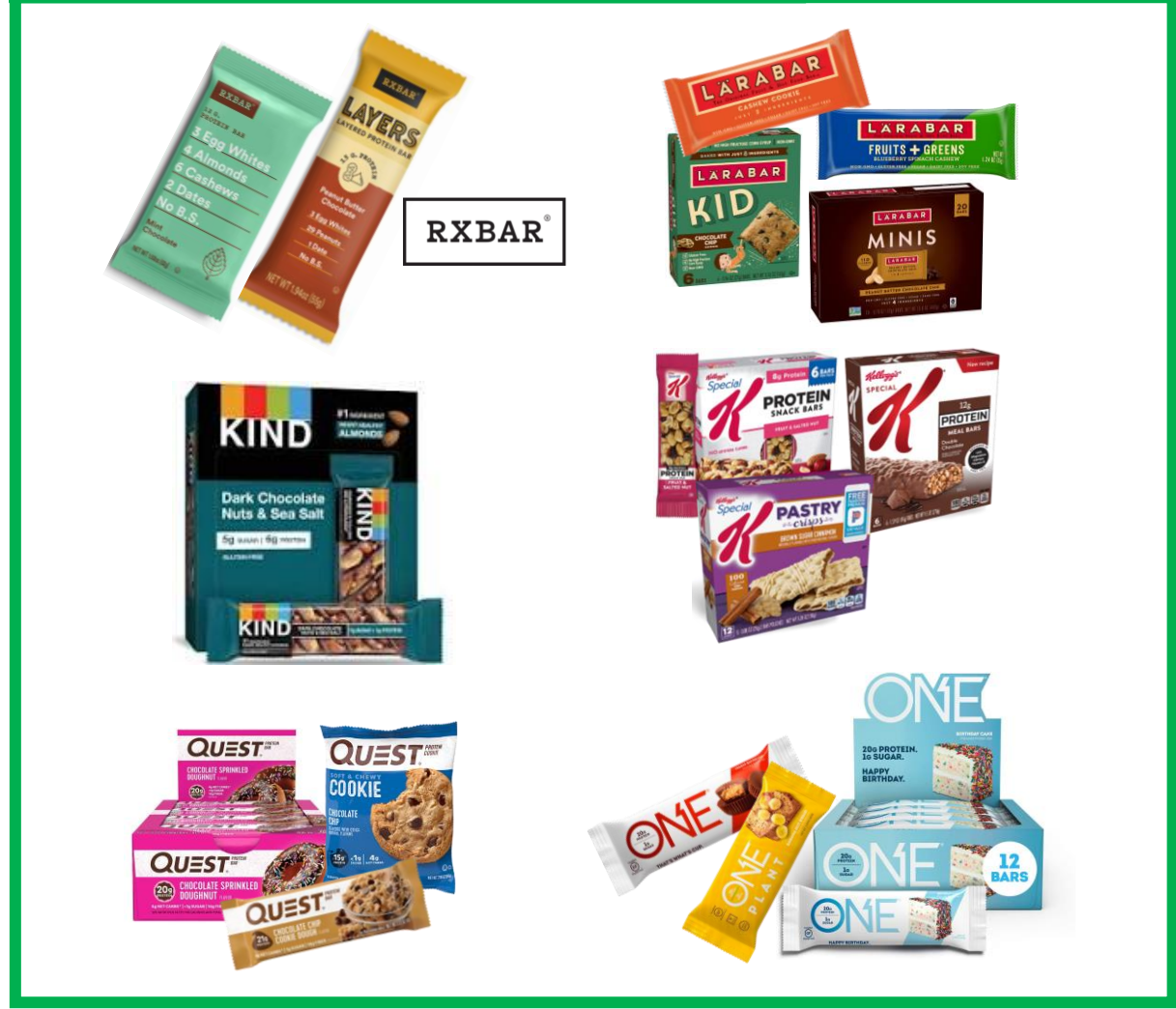
Bars category inflection – what does it mean for long-term growth?

Normalized 12 MMT Volumes
(Indexed To Segment Average)

Taste-Forward Bars Volume
(Normalized)

Healthy Lifestyle Bars Volume
(Normalized)

Pre-pandemic trend

Pre-pandemic trend

?

…2025

2019

2020
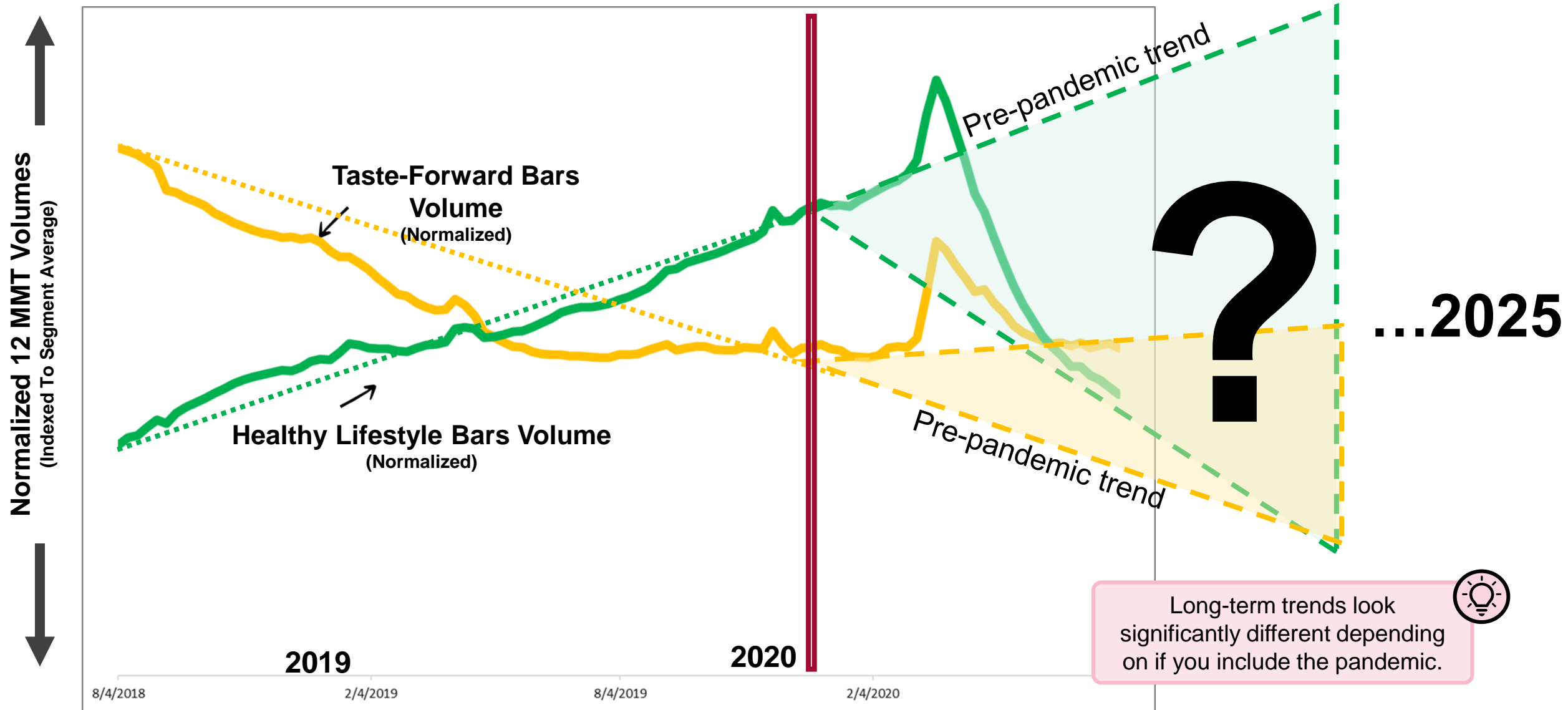
Long-term trends look significantly different depending on if you include the pandemic.

8/4/2018   2/4/2019   8/4/2019   2/4/2020

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Key sources for analysis

Syndicated Point of Sale Data

Weekly Sales

Oxford COVID-19 Government Response Tracker (OxCGRT)
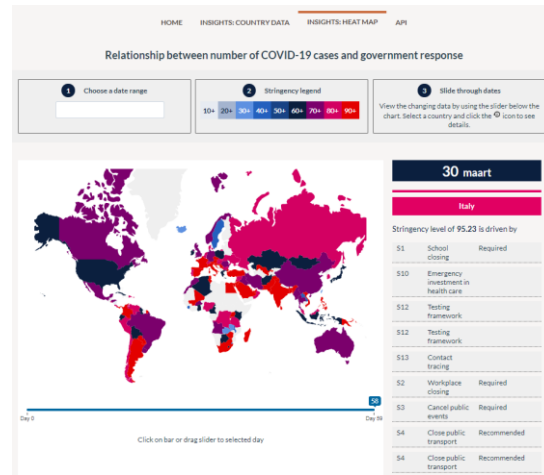
Weekly Case Counts, Deaths

Weekly Stringency Index

Google COVID-19 Community Mobility Reports
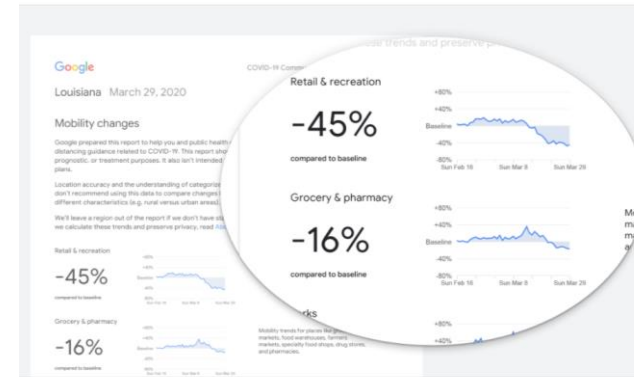
Weekly Traffic x Location Type

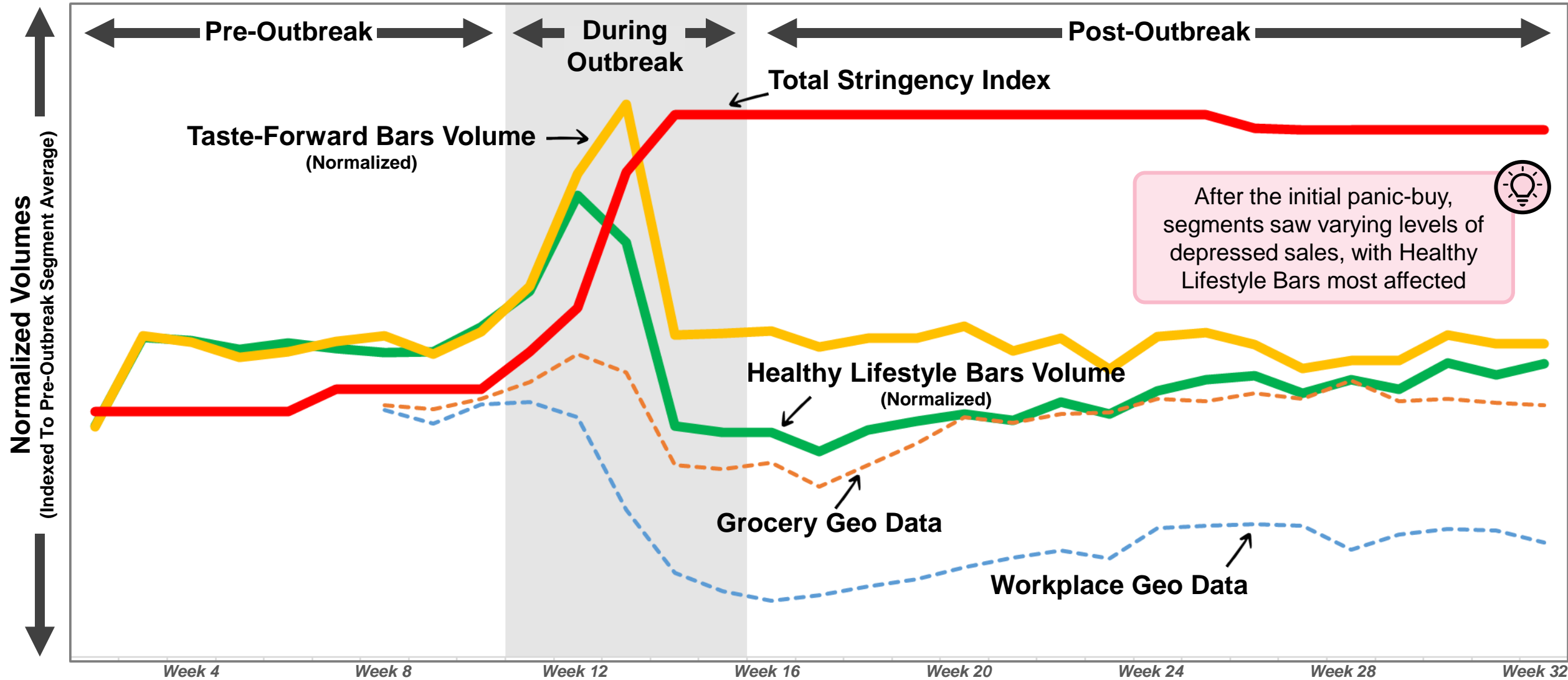**Proprietary Kellogg's Occasion Research**
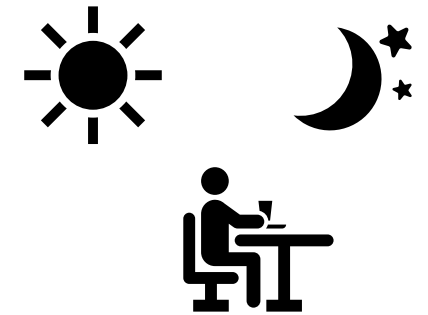
Eating occasion distribution for each segment

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# Using weekly sales data to understand the impact of the outbreak

Pre-Outbreak

During Outbreak

Post-Outbreak

Sales saw dramatic boost during the 'panic buy' at the outbreak, which was not sustained and can skew annual figures.

Total Stringency Index

Snack Bars Volume

Grocery Geo Data

Workplace Geo Data

Week 4   Week 8   Week 12   Week 16   Week 20   Week 24   Week 28   Week 32

Using weekly sales data to understand the impact of the outbreak

Pre-Outbreak

During Outbreak

Post-Outbreak

Total Stringency Index

Taste-Forward Bars Volume
(Normalized)

Normalized Volumes
(Indexed To Pre-Outbreak Segment Average)

After the initial panic-buy, segments saw varying levels of depressed sales, with Healthy Lifestyle Bars most affected

Healthy Lifestyle Bars Volume
(Normalized)

Grocery Geo Data

Workplace Geo Data

Week 4   Week 8   Week 12   Week 16   Week 20   Week 24   Week 28   Week 32

Complexity can be simplified as variables are correlated to each other

Are There Multiple Collinear Metrics? Choose the most impactful to simplify your analysis.

Stringency and Geolocation Metrics over time – Strong correlation between all factors indicates collinearity and opportunity for simplification

Total Stringency Index

Residential Geo Data

Retail Geo Data

Transit Geo Data

Workplace Geo Data
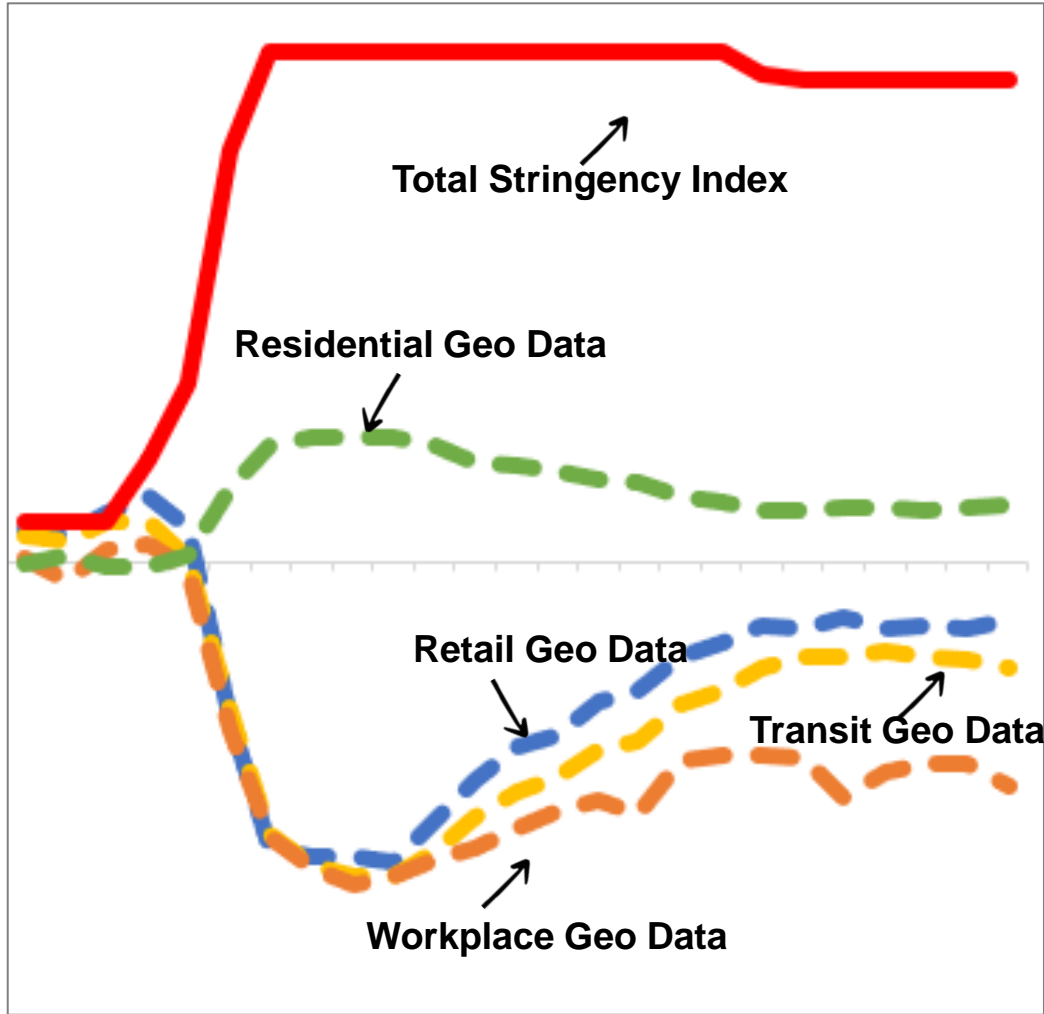
Correlation Matrix of Potential Indicators

Variables		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
MOBILITY	A Retail																	
	B Grocery																	
	C Transit																	
	D Workplace																	
	E Resident																	
STRINGENCY	F Stringency																	
	G School Close																	
	H Work Close																	
	I Cancel Events																	
	J Gather Restrict																	
	K Transit Closed																	
	L Stay Home																	
	M Mvmt. Restrict																	
	N Travel Reg.																	
	O Public Info																	
	P Cases																	
	Q Deaths																	

Strong correlation between macro-factors indicates opportunity for simplification in analysis and storytelling.

Comparing levels of stringency after the outbreak with segment trends
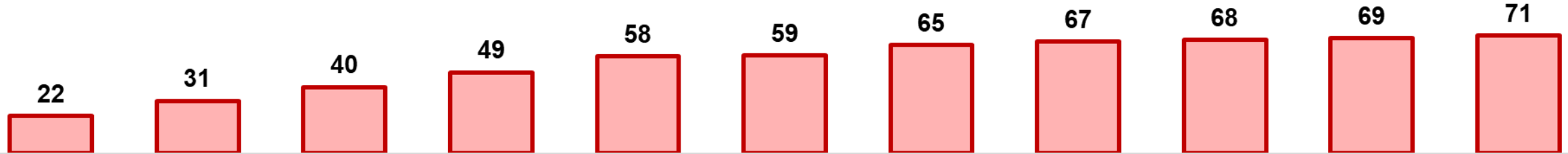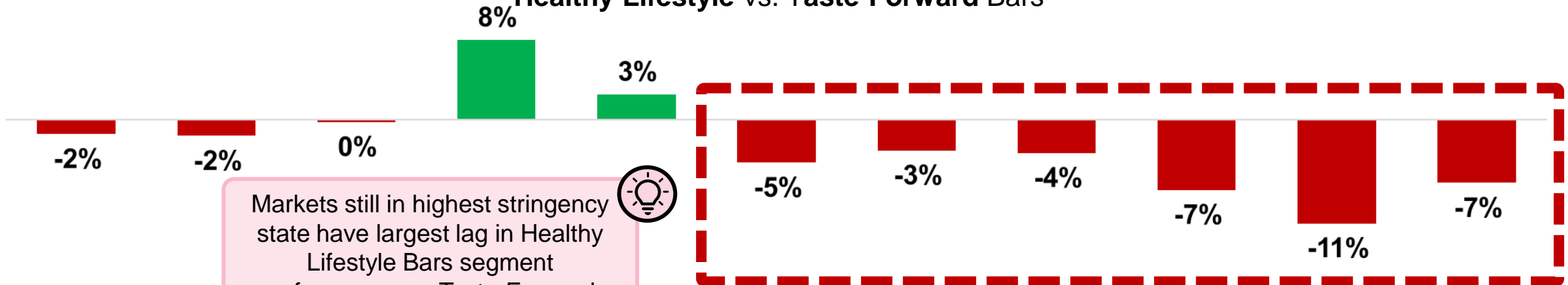
NZ	Fra.	Neth.	SK	Ita.	Spa.	UK	Can.	Aus.	USA	Mex.

Current Market Stringency

NZ	Fra.	Neth.	SK	Ita.	Spa.	UK	Can.	Aus.	USA	Mex.
22	31	40	49	58	59	65	67	68	69	71

Segment Performance Gap (YoY % Chg Post-Outbreak)
Healthy Lifestyle vs. Taste-Forward Bars

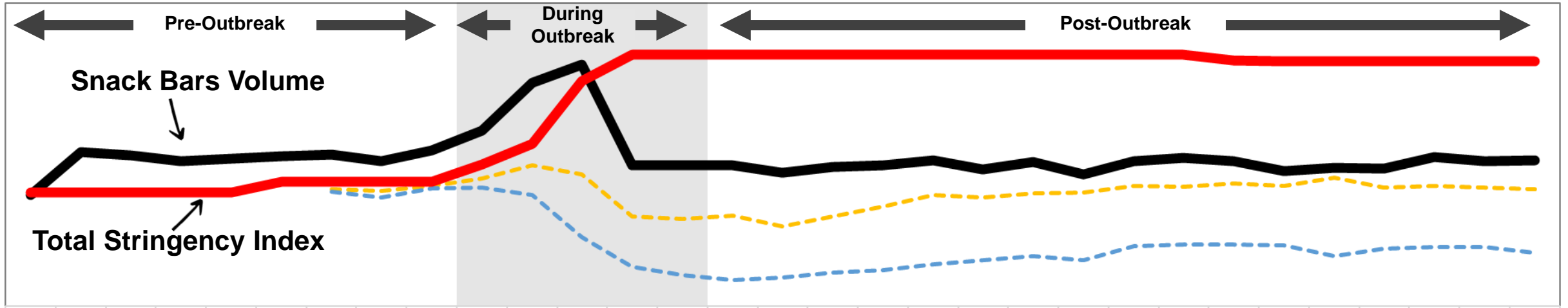| NZ	Fra.	Neth.	SK	Ita.	Spa.	UK	Can.	Aus.	USA	Mex.
-2%	-2%	0%	8%	3%	-5%	-3%	-4%	-7%	-11%	-7%

Markets still in highest stringency state have largest lag in Healthy Lifestyle Bars segment performance vs. Taste-Forward.
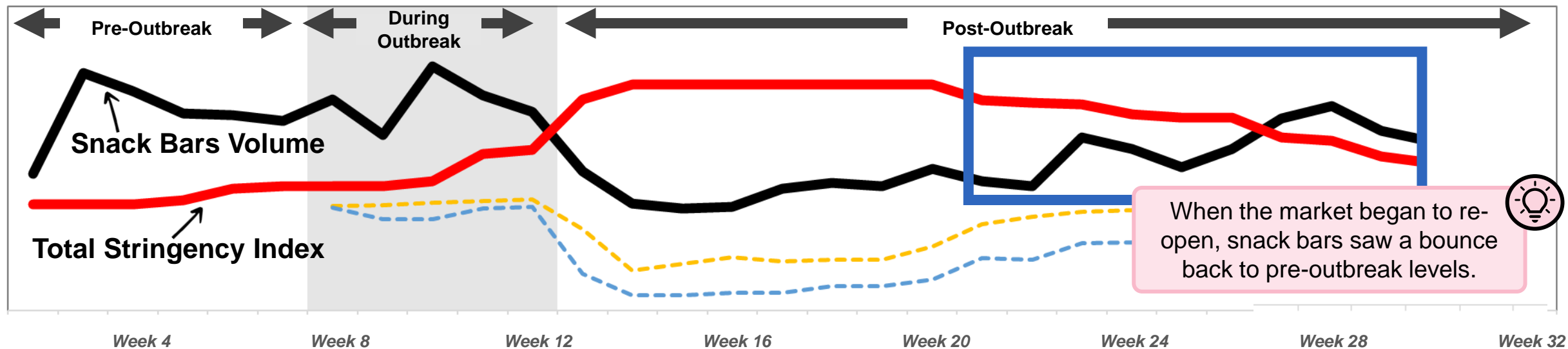
Using other market case studies to see into the future

Market That Remains Closed

Pre-Outbreak

During Outbreak

Post-Outbreak

Snack Bars Volume

Total Stringency Index

Market That Has Re-Opened

Pre-Outbreak

During Outbreak

Post-Outbreak

Snack Bars Volume

Total Stringency Index

When the market began to re-open, snack bars saw a bounce back to pre-outbreak levels.

Week 4   Week 8   Week 12   Week 16   Week 20   Week 24   Week 28   Week 32

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Taste-Forward can be segmented further based on occasions and product

TASTE-FORWARD

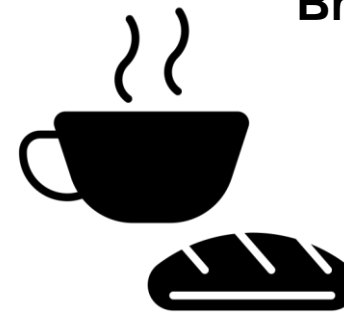## TASTE-FORWARD SNACK BARS

Mid-morning & Afternoon snack
~50% At Home, 25% At Work

To stop hunger in between meals, to satisfy a craving

Slight over index in **seniors**

Baked Cereal, Granola
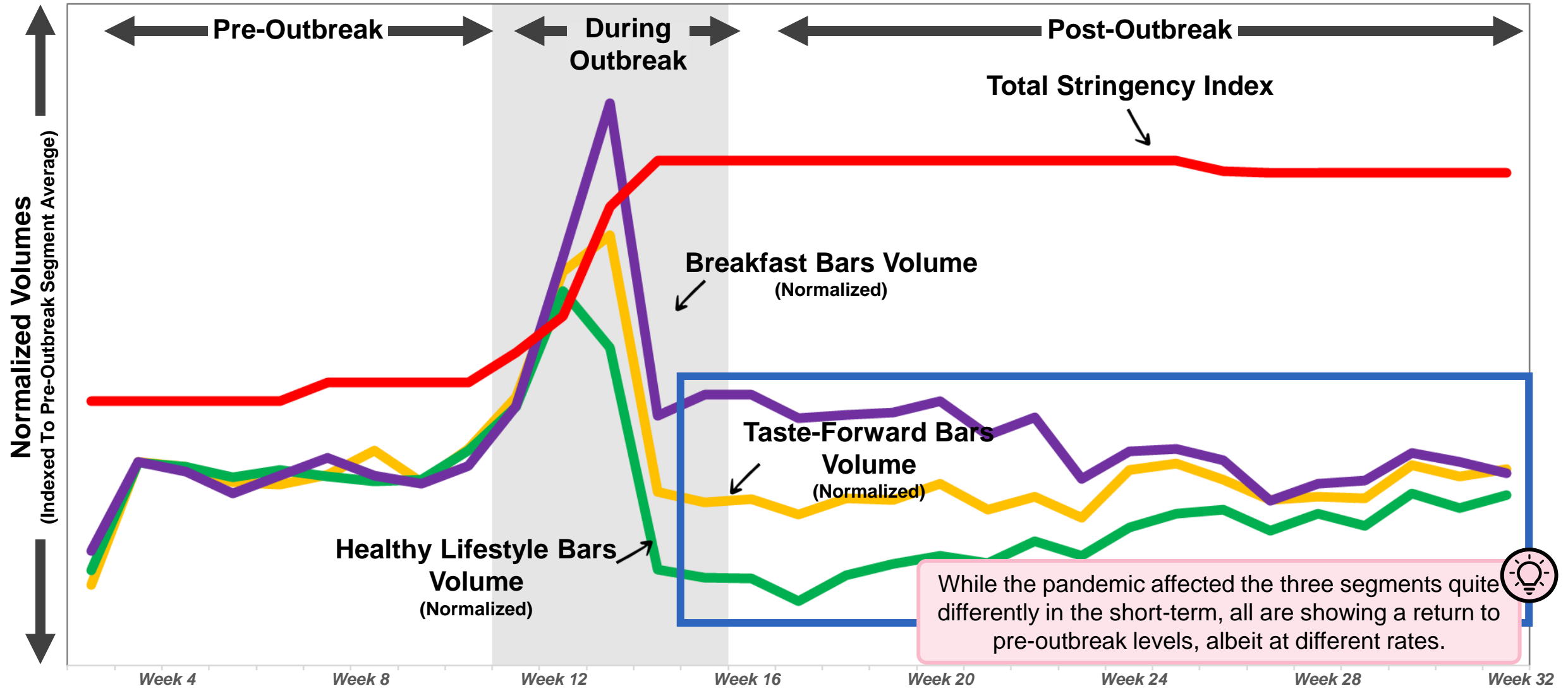
BREAKFAST BARS

Breakfast for One, Family Breakfast
~85% At Home

To have a meal, easy to prep/make

Strong over index in **families**

Toaster pastries

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Different sub-category dynamics underneath the surface

Pre-Outbreak

During Outbreak

Post-Outbreak

Total Stringency Index

Breakfast Bars Volume
(Normalized)

Taste-Forward Bars Volume
(Normalized)

Healthy Lifestyle Bars Volume
(Normalized)

Normalized Volumes
(Indexed To Pre-Outbreak Segment Average)

Week 4   Week 8   Week 12   Week 16   Week 20   Week 24   Week 28   Week 32

While the pandemic affected the three segments quite differently in the short-term, all are showing a return to pre-outbreak levels, albeit at different rates.

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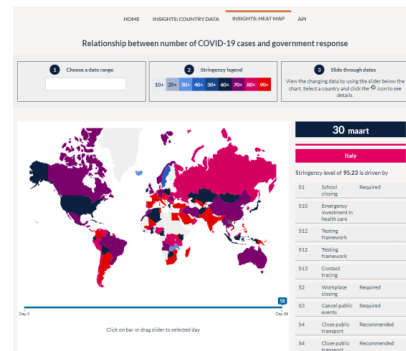- **Lessons for your business**

- Q&A

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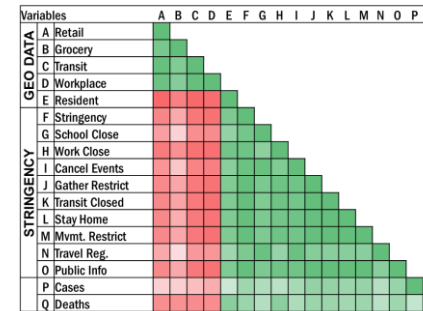# Lessons for the data analyst

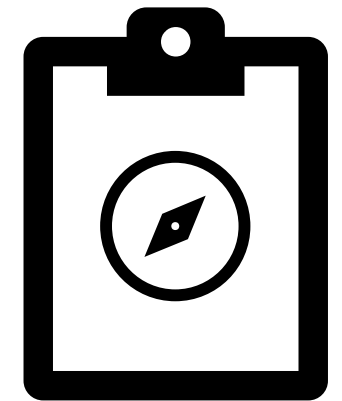**Get in the weeds with your sales data**
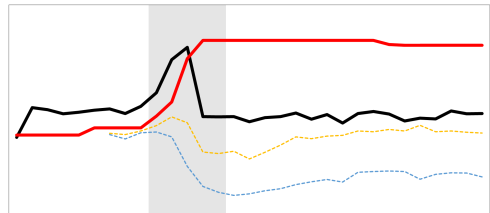
Take advantage of public sources

Simplify your variables to see your future

Claimed data can provide valuable context
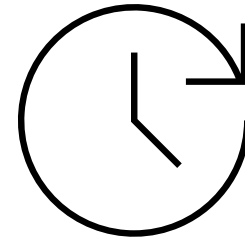
Lessons for the brand strategist

Segment now more than ever to expose differences

Remember the simple human truths driving the trends

Stay nimble but invest for the future today

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Thank you

Contact Information:

Andrew Glor
Foresight Associates
Andrew@4sightassociates.com

Randall Froeschle
Kellogg Company
Randall.Froeschle@kellogg.com