



Laura Saeva
PepsiCo

OPTIMIZING FOOD BUNDLES IN SMALL FORMAT

Post Covid, Small Format recovery was slow

WEEKLY IN STORE BUYERS

-14%

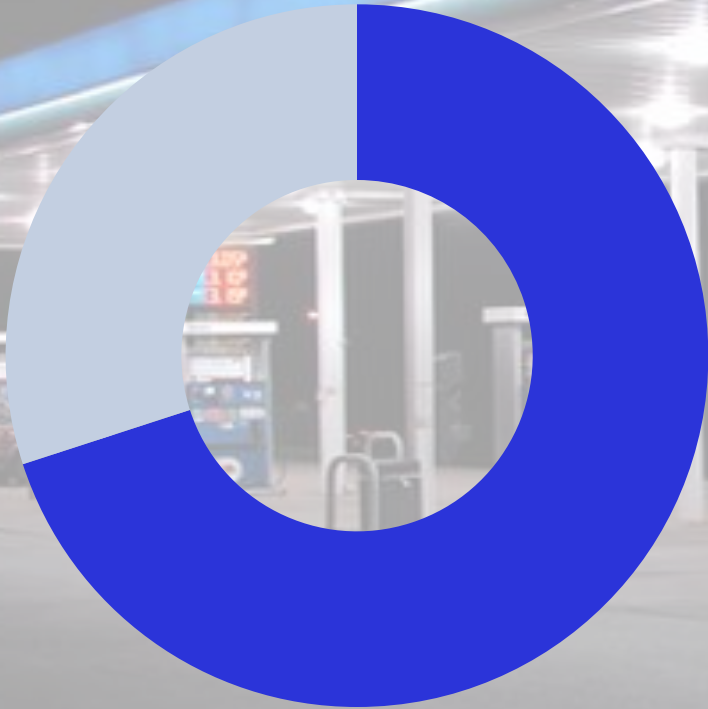
vs YA
April 2022

ONLY

24%

Pay at the Pump Gas Buyers
Converting to In Store Purchase

Beverages are the #1 item purchased in CG



70%

**of CG Shoppers Purchase
Beverages**



Food and Drink Offers in Small Format Stores?



But some things are just meant to be



Our shopper team was being asked for help with specific objectives



Which presented us the opportunity to start with our shoppers



We partnered with Material+ to run a robust model

Key Question: What are the **optimal bundles** across different beverages, packaged snacks & prepared foods – both **indulgent** and **healthy-** that are **most impactful to drive revenue** for both PepsiCo and our customers?


































Partner:

MATERIAL+

Methodology:

Discrete Choice Model

CG Shoppers w/ retailer quotas

Snacks	Beverages	Prepared Food (Healthy)
 Chips / Popcorn / Crackers	 Gatorade	 Garden Salad
 Nuts / Seeds / Dried Fruit	 Diet Pepsi	 Cut Veggies with Dip
 Packaged Cookies	 Pepsi Zero Sugar (inc. Wild Cherry)	 Hummus Cups
 Packaged Bakery Item	 Reg Pepsi	 Grilled Chicken Sandwich
 Candy (Chocolate and Sugar)	 Rockstar	 Yogurt Parfaits
 Meat Jerky	 bubly	 Hard Boiled Eggs
 Protein / Granola Bars	 LIFEWTR	 Turkey Sandwich
	 Propel	 Cheese/ Crackers/ Meat Protein Snack Combo
	 Lipton Pure Leaf	 Fresh Whole Fruit (bananas, apples, oranges)
	 Starbucks Frappuccino	 Cut Fruit
	 Mountain Dew Energy / RISE	
	 Chilled Juice (Tropicana / Naked)	
	 Reg Mtn Dew	
	 Diet / Zero Dew	
		Other
		 Hot Coffee
		 Slushee

Which validated the opportunity

Nearly **half** have purchased bundles










Including **impulse** items

And discovered that healthy items are critical for bundles

Balance is key



We were able to look at relative impact of each level attributed to create optimal bundles

	 Prepared Food (healthy)	 Beverage	 Prepared Food (traditional)	 Snack	 Other*	 Claims / Message	 Offer
1 st	Fresh Whole Fruit	Drink1	Food1	Snack1	Hot Coffee	Smart Choices	Buy the bundle, save \$2
2 nd	Food2	Drink2	Food2	Snack2		Fresh Food Fast	Buy the bundle, get last item listed free
3 rd	Food3	Drink3	Food3			Having healthy choices is top of mind with "Smart Choices" and "Fresh Food Fast" leading as most compelling messages	
	Healthy items and beverages drive shoppers' preference						

In order to understand the preference for each individual item, each choice was provided with a raw utility score that reflects how impactful each item is on the model with a midpoint of zero and difference positive or negative from the midpoint. Scores are compared against other products within the category to rank meaningfulness. Based on the directionality of the utility score on specific items, the model can predict and compare the differences in purchase preferences.

Using this information, we've built out small format programs to deliver growth

Build Awareness

Drive Traffic

Deliver Revenue

Expires in X days



★ 2,000

Pepsi® or MTN DEW® 20 ounce, Hot Food Item, and Fresh Fruit, select varieties, buy all 3 at 7-Eleven

Questions

