

'BETTER FOR YOU' CONSUMER REPORT

Quirks Event

March 3rd, 2020





Asked 7000 consumers to gain a better understanding of their perceptions and behavior regarding

Better-For-You Food & Beverage Choices
and Clean Label



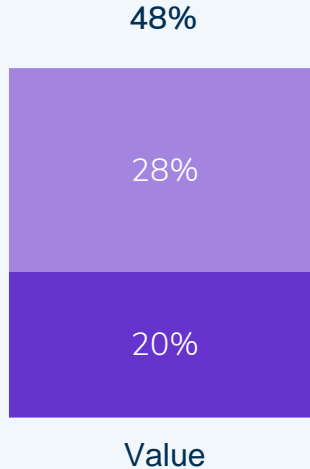
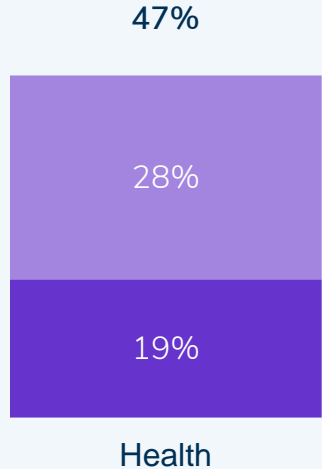
HOW DO CONSUMERS SHOP FOOD AND BEVERAGES?



WHAT IMPACTS CONSUMERS' SHOPPING DECISION?

Health and value are equally important to consumers when they are shopping for food and beverages.

Top 2 Box:



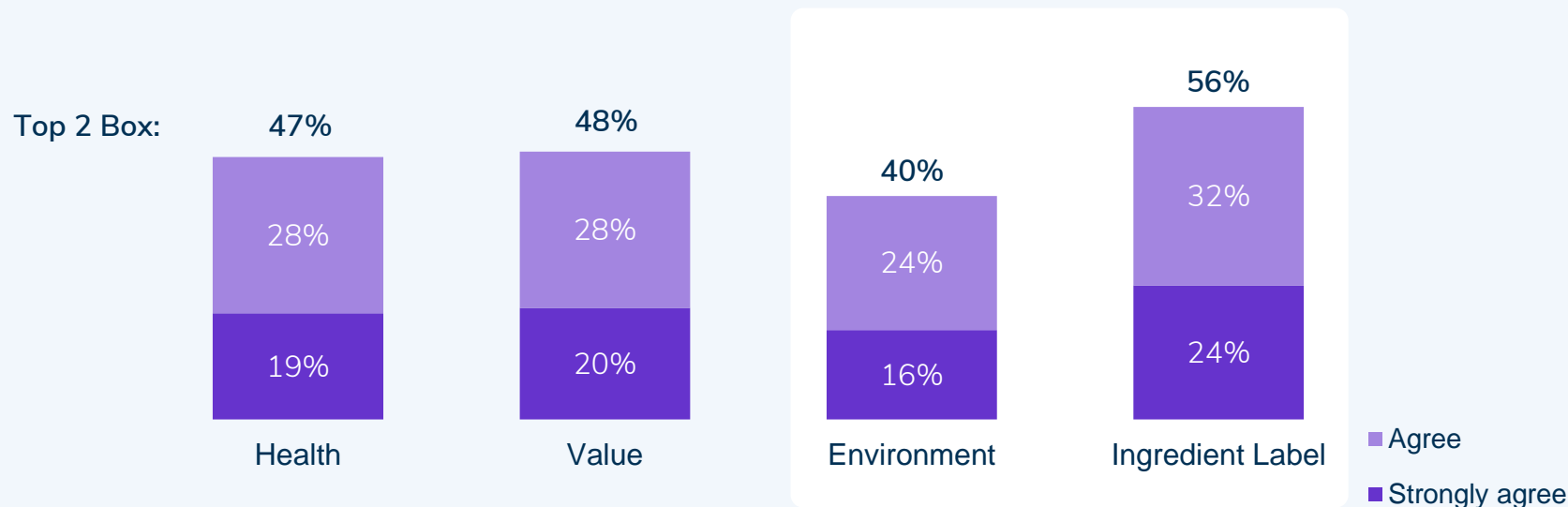
■ Agree ■ Strongly agree

Q: Please select your agreement or disagreement with the following statement: I always choose the healthiest product when I purchase food and beverages. (Category n=7000)
Q: Please select your agreement or disagreement with the following statement: I always choose the lowest priced product when I purchase food and beverages. (Category n=7000)

WHAT IMPACTS CONSUMERS' SHOPPING DECISION?

56% of consumers are reading the ingredient label and take this information into consideration when shopping.

Environmental concerns overall are of lesser concern



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Q: Please select your agreement or disagreement with the following statement: I always choose the lowest priced product when I purchase food and beverages. (Category n=7000)

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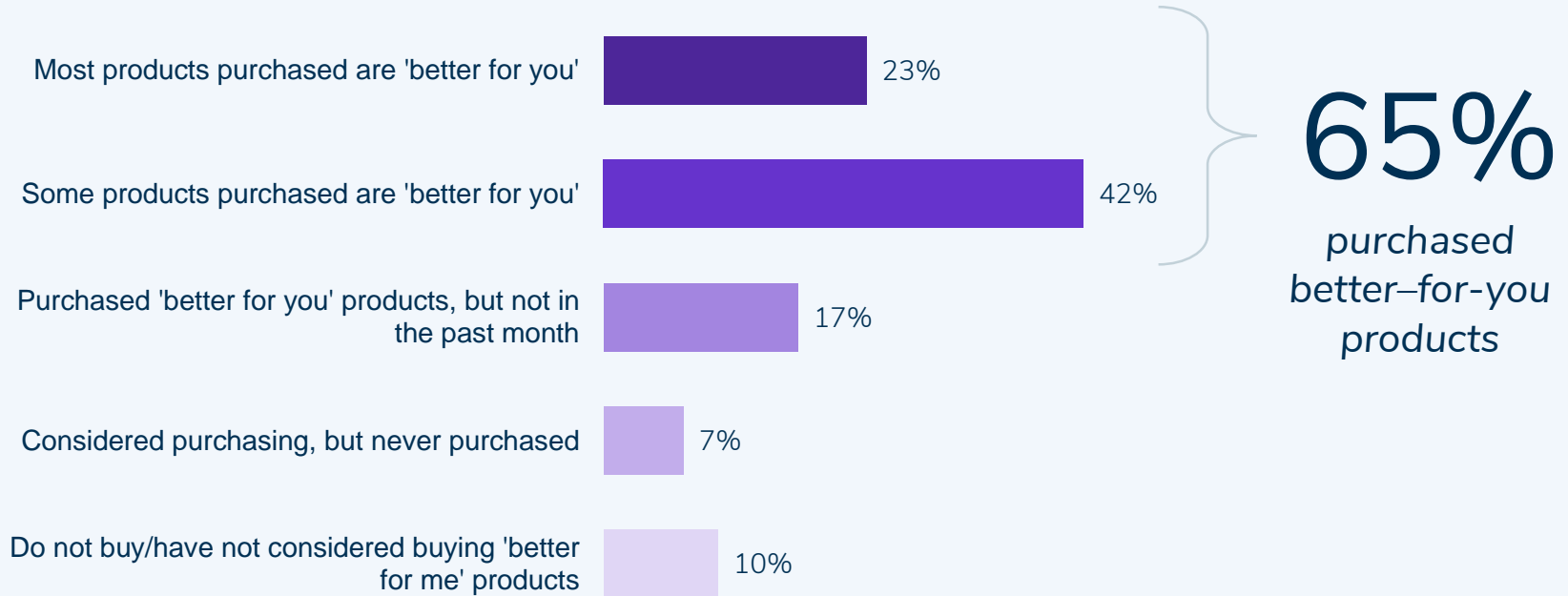


'BETTER-FOR-YOU' CLAIMS



'BETTER-FOR-YOU' PURCHASING

Purchasing of 'better-for-you' products is widely accepted.



Q: Food and beverage products often make claims that they are better for you, which of the following best describes your purchase behavior of 'better for you' products? (Category n=7000)

'BETTER-FOR-YOU' CLAIMS SEEN

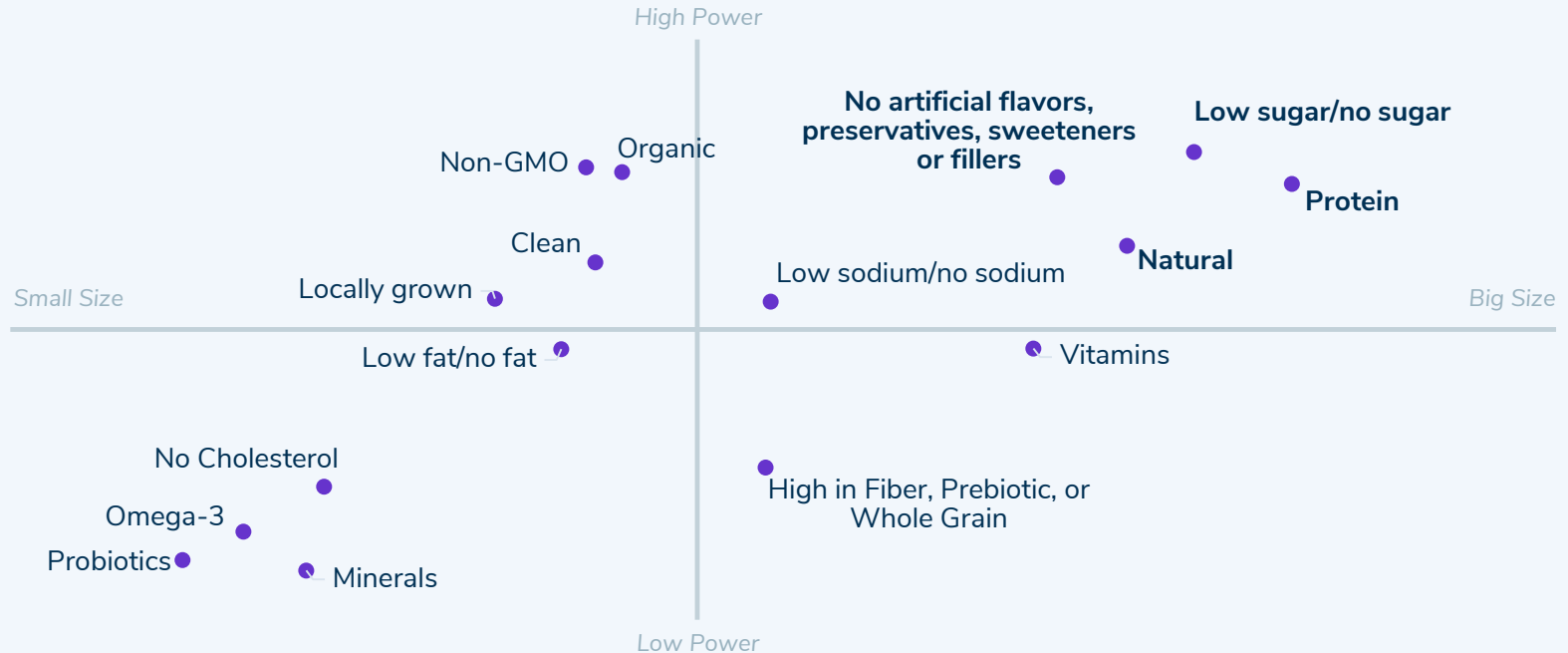
Consumers are confronted with a wide variety to 'better-for-you' claims when they shop.



Q. Which claims, if any, have you seen on Food or Beverage products you purchased recently that are 'better for you'?

SIZE AND POWER OF 'BETTER-FOR-YOU' CLAIMS

Claims around protein, low/no sugar, natural and no artificial add-ins are likely to resonate most with consumers.



Q: Which of the following claims you may find on food or beverage products, if any, are important to you? (Category n=7000)

Q: Please rank the below claims in terms of how important they are to you when you purchase food and beverage products. (Where 1 is the claim that would make you most likely to purchase this product if it made this claim).

IMPORTANCE OF CLAIMS BY GENERATION

Which 'better-for-you' claims are important?

Most of these 'better-for-you' claims become more important with age



Gen Z

- Lactose-free
- Plant-based proteins
- Vegan



Millennials

- Protein
- Minerals
- Plant-based proteins
- Lactose-Free



Gen X

- Low/no sugar
- No artificial add-ins
- Low/no sodium
- Non-GMO
- High in Fiber, Prebiotics or Whole Grain
- Locally grown
- No Cholesterol
- Probiotics



Baby Boomers

- Low/no sugar
- No artificial add-ins
- Low/no sodium
- Non-GMO
- High in Fiber, Prebiotics or Whole Grain
- Locally grown
- No Cholesterol

Q: Which of the following claims you may find on food or beverage products, if any, are important to you?



CLEAN LABEL



AWARENESS AND PURCHASING OF CLEAN LABEL

Raising awareness and knowledge of what Clean Label is are crucial to further its success.



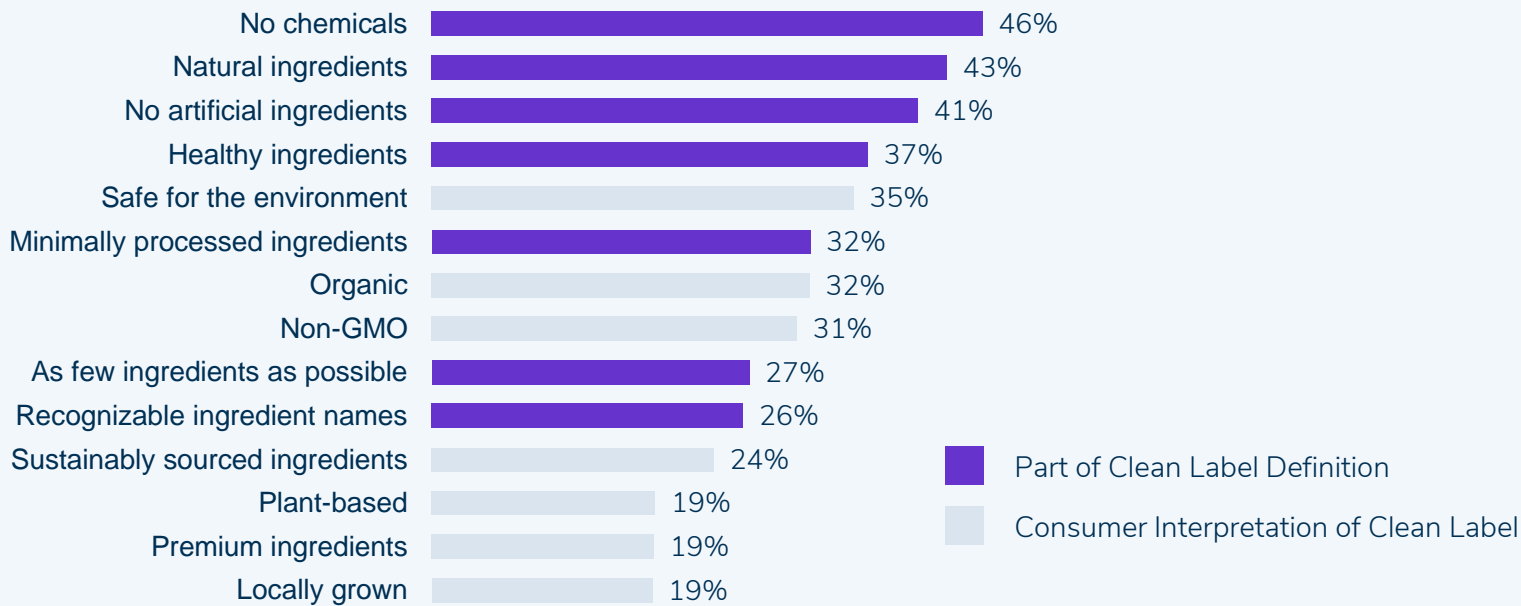
59%

of consumers either do not know Clean Label or it doesn't affect their purchasing decision

Q: Which statement best describes your familiarity with Clean Label products? (Category n=7000)

MEANING OF CLEAN LABEL

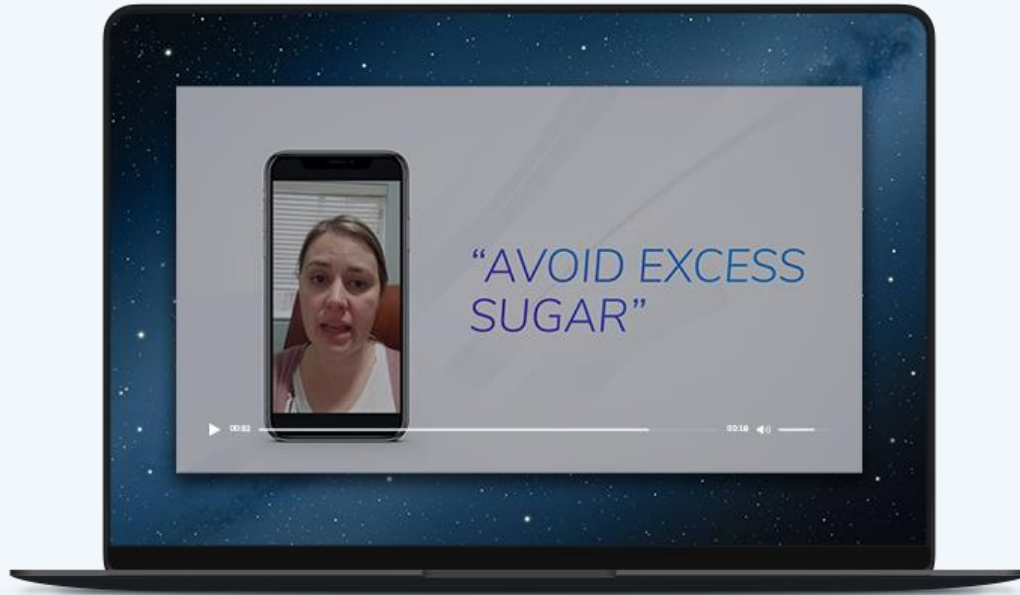
Clean Label has a lot of meanings to consumers — they are extending their view of Clean Label to include other ‘better-for-you’ claims.



Q: Which of the following describes best what Clean Label means?? (Aware of Clean Label n=5455)

WHY CONSUMERS BUY CLEAN LABEL

Consumers purchase clean label products because they perceive them as healthier. However, what 'healthier' means to them varies.



[Click Here](#)
To Watch the Video

Q. Why do you buy Clean Label? Please explain in your own words.

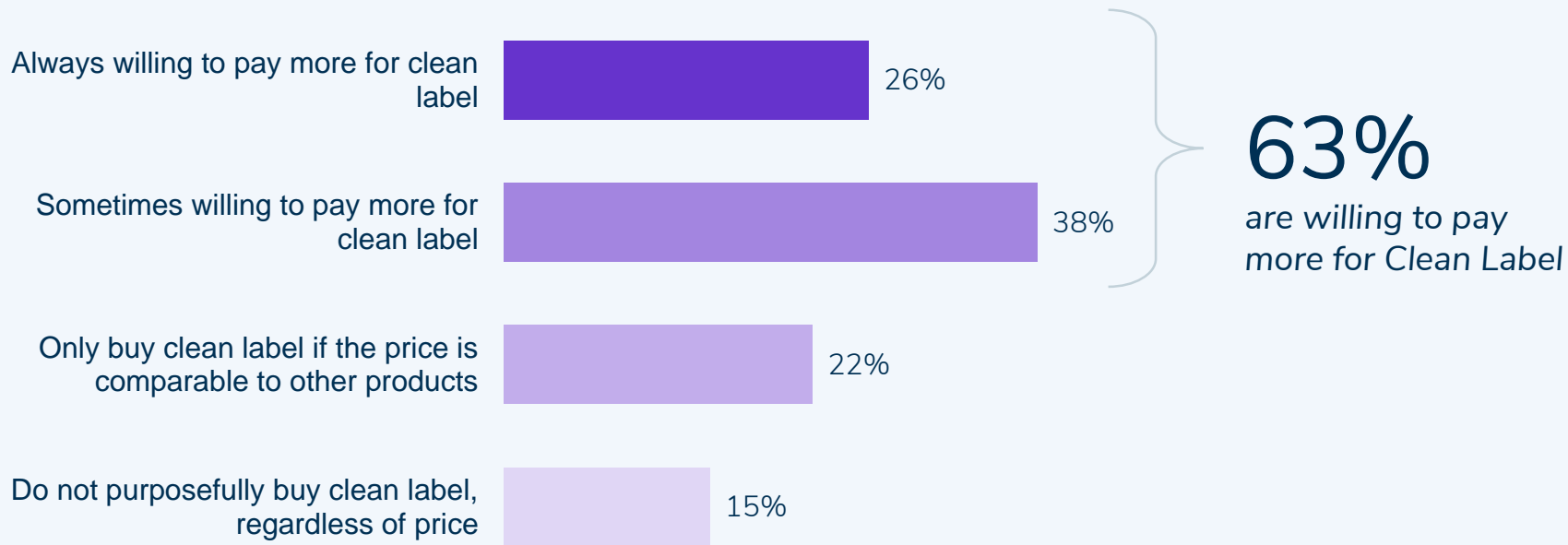
WHAT IS CLEAN LABEL?

“Food products containing natural, familiar, simple ingredients that are easy to recognize, understand, and pronounce. No artificial ingredients or synthetic chemicals.”

GoCleanLabel.com

WILLINGNESS TO PAY MORE FOR CLEAN LABEL

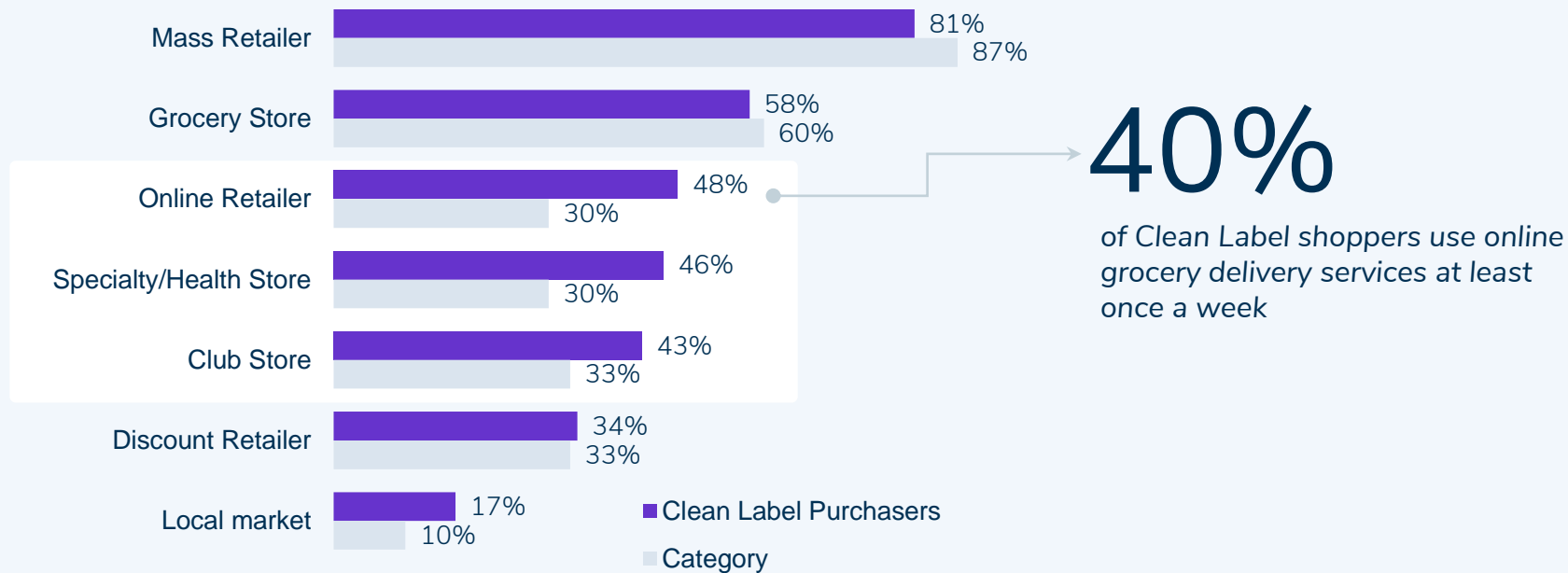
Regardless of why they purchase, they are generally prepared to pay more for Clean Label



Q: Which of the following best describes your purchase behavior of Clean Label products? (Aware of Clean Label n=5455)

WHERE CLEAN LABEL SHOPPERS PURCHASE

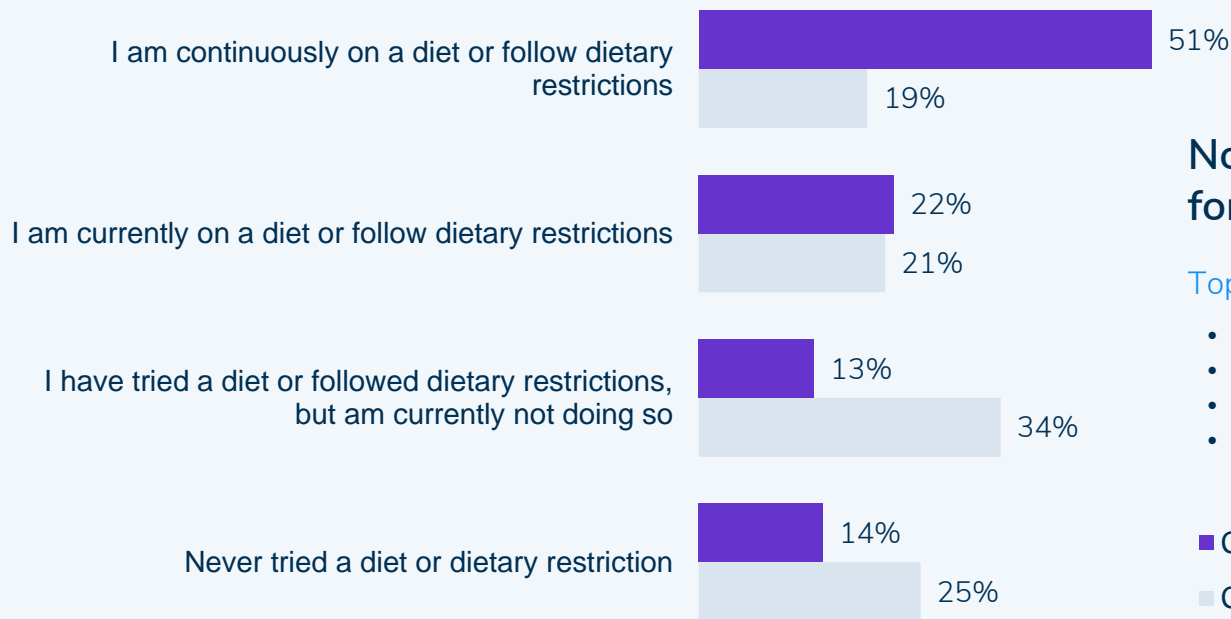
Clean Label purchasers shop more online, at specialty/health stores and club stores.



Q. At which of the following retailers have you purchased food and beverages in the past 3 months? (Clean Label Shoppers TB n=1025, Category n=7000)

DIETING HABITS OF CLEAN LABEL SHOPPERS

Specialized diets are a way of life for Clean Label shoppers.



No specific diet stands out for Clean Label shoppers

Top ranking diets are generally:

- Vegetarian
- Low-Carb
- Vegan
- Gluten-free

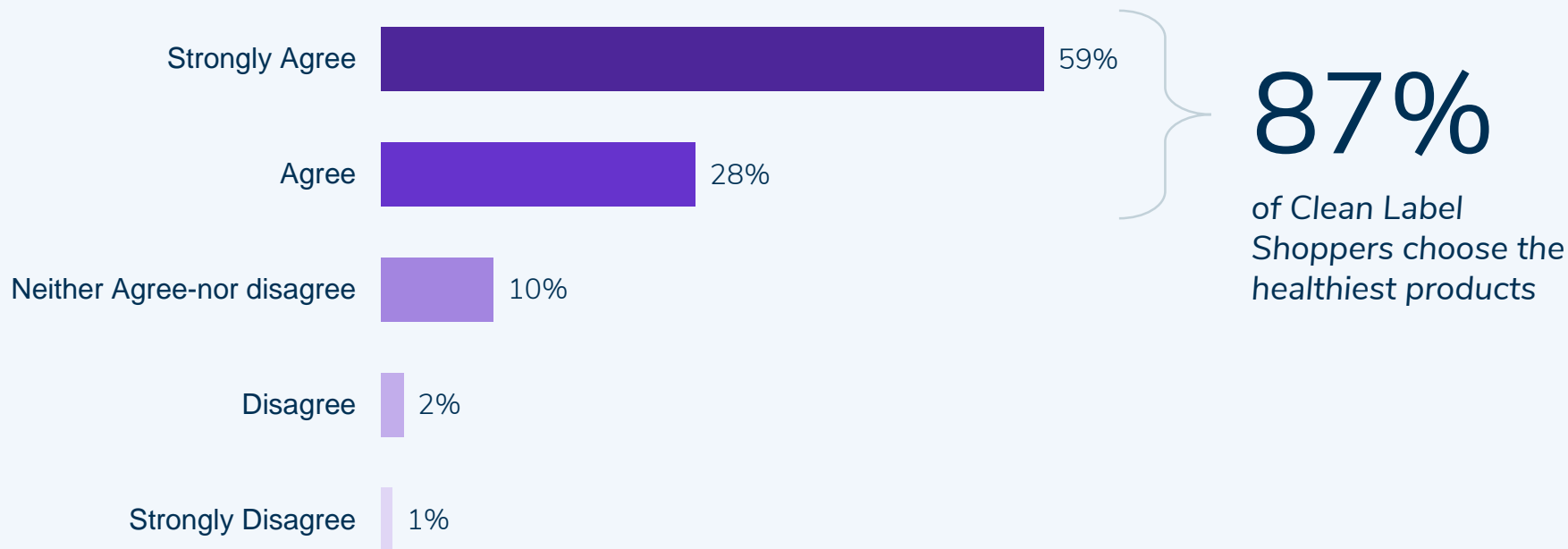
■ Clean Label Shoppers

■ Category

Q: We are almost there, only a few more questions left. Which of the following applies to you? (Clean Label Shoppers TB n=1025, Category n=7000)

HEALTH SHOPPING AMONG CLEAN LABEL SHOPPERS

Clean Label shoppers are looking for the healthiest product choices.



Q: Please select your agreement or disagreement with the following statement: I always choose the healthiest product when I purchase food and beverages. (Clean Label Shoppers Top Box n=1025)

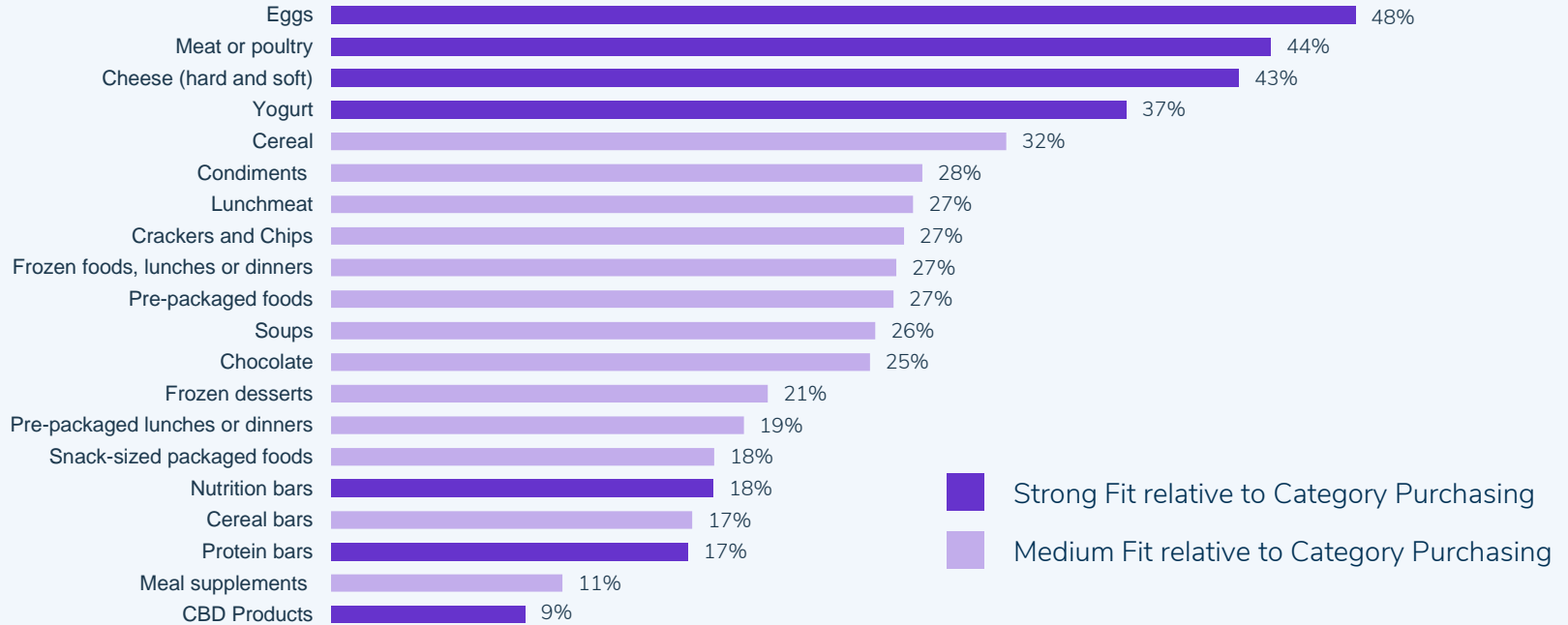


WITH WHICH
CATEGORIES DOES
CLEAN LABEL FIT?



CLEAN LABEL FIT WITH FOOD PRODUCTS

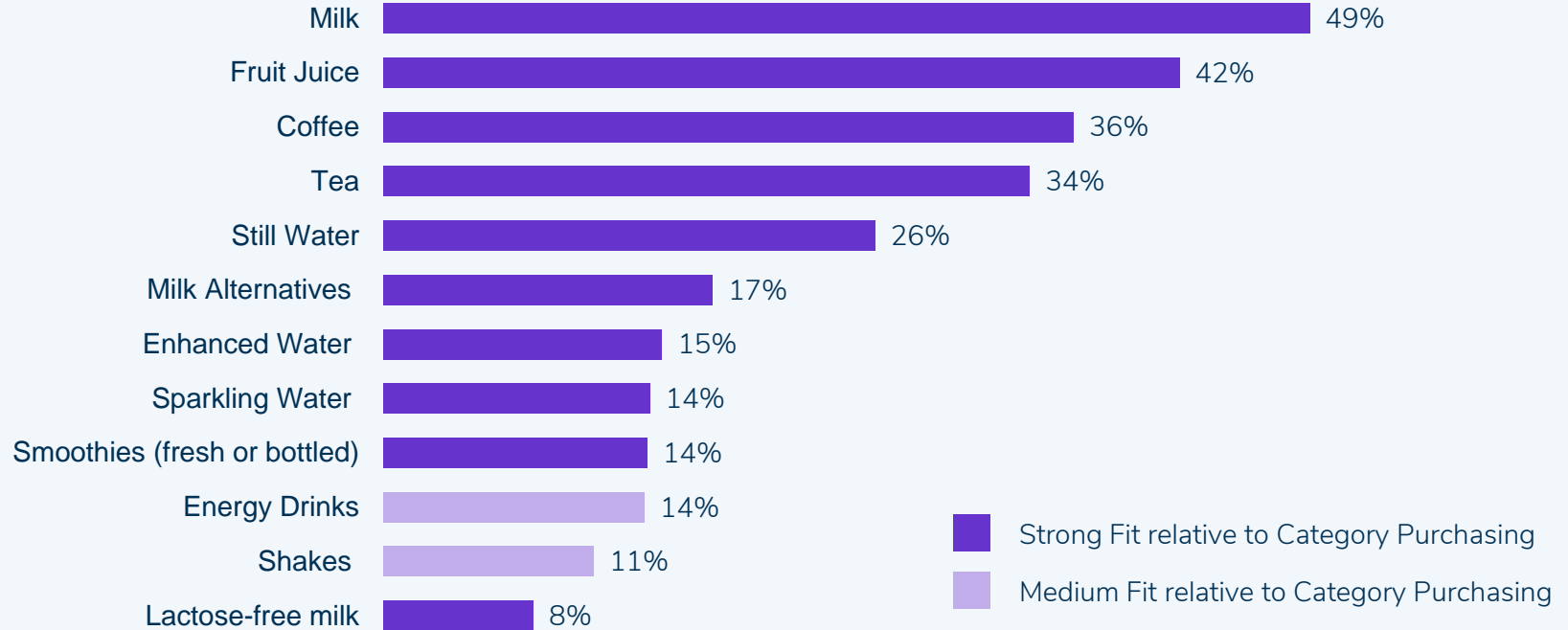
Consumers associate meat and dairy products and bars as more suitable categories for Clean Label.



Q: Clean Label is described as "Food products containing natural, familiar, simple ingredients that are easy to recognize, understand, and pronounce. No artificial ingredients or synthetic chemicals." (GoCleanLabel.com). Considering this definition, which types of food products, if any, should be offered as Clean Label products? (Purchasers of Food categories n=6973)

CLEAN LABEL FIT WITH BEVERAGES (NON-ALCOHOL)

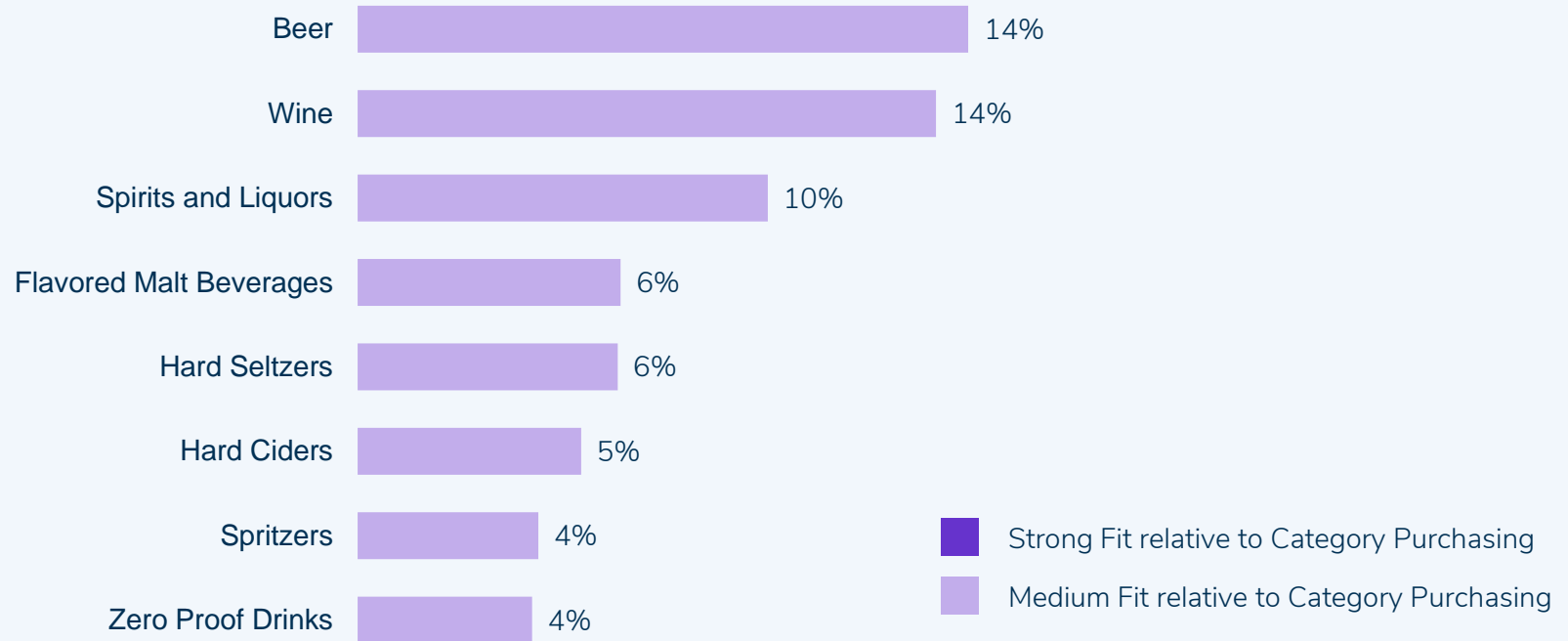
Most non-alcoholic beverages are a good fit for Clean Label.



Q: Clean Label is described as "Food products containing natural, familiar, simple ingredients that are easy to recognize, understand, and pronounce. No artificial ingredients or synthetic chemicals." (GoCleanLabel.com). Considering this definition, which types of food products, if any, should be offered as Clean Label products? (Purchasers of Beverage categories n=6948)

CLEAN LABEL FIT WITH BEVERAGES (ALCOHOL)

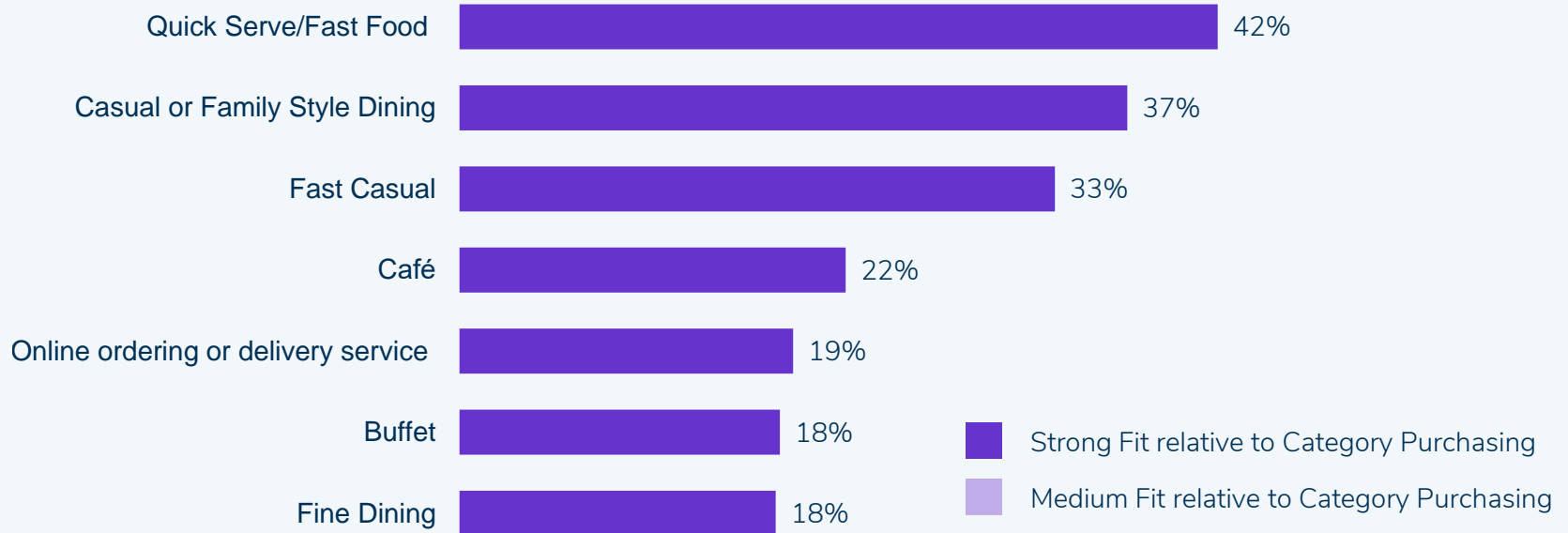
Alcoholic beverages in general are less of a fit for Clean Label.



Q: Clean Label is described as "Food products containing natural, familiar, simple ingredients that are easy to recognize, understand, and pronounce. No artificial ingredients or synthetic chemicals." (GoCleanLabel.com). Considering this definition, which types of food products, if any, should be offered as Clean Label products? (Purchasers of Beverage categories n=6948)

CLEAN LABEL FIT WITH RESTAURANTS

While all restaurants would be a fit with Clean Label, QSR and casual restaurants may be more expected to offer Clean Label options.



Q: Which types of restaurants, if any, should offer Clean Label foods and beverages? (Purchasers/visitors of restaurants n=6702)



SUPPLEMENTAL FINDINGS

Generational Differences



HEALTHY PRODUCT SHOPPING

Millennials are the core target for health focused products.

Millennials read purchase healthy products regardless, whether they have kids or not.

Gen X with kids purchase healthy products more:

- 51% with kids
- 38% without kids



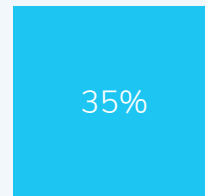
Gen Z (A)



Millennials (B)



Gen X (C)



Baby Boomers (D)

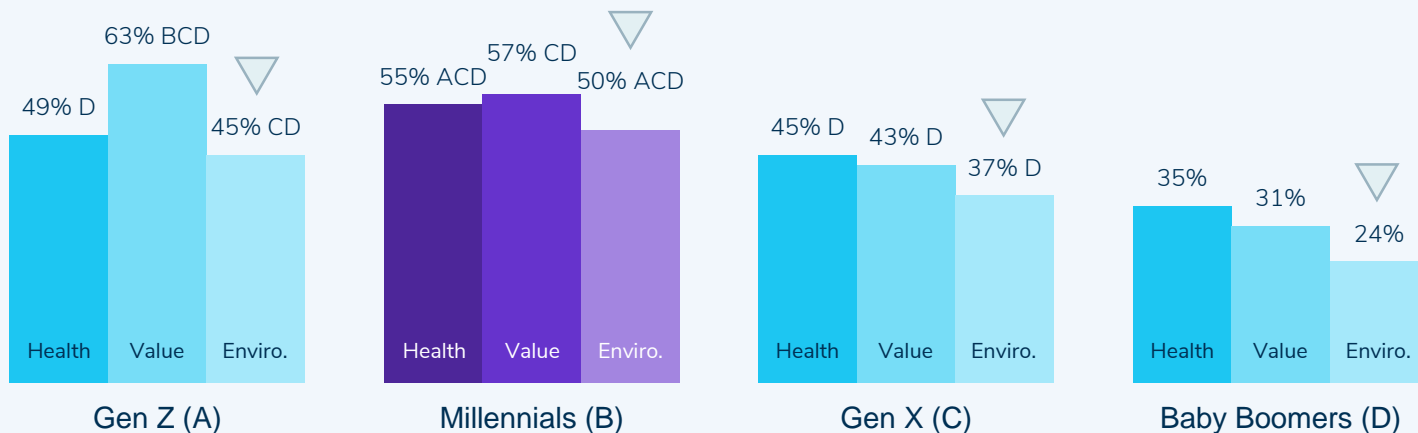
Q: Please select your agreement or disagreement with the following statement: I always choose the healthiest product when I purchase food and beverages.
Top 2 Box: 'Strongly Agree' and 'Agree' (Gen Z n=719), (Millennials n=2536), (Gen X n=2379), (Baby Boomers n=1366)
A/B/C/D Statistically significant at 95% confidence level.



ENVIRONMENTAL CONSIDERATIONS WHEN SHOPPING

Millennials are most considerate of the environment, therefore ensure to include relevant environmental information to attract them.

However, environmental concerns overall are of somewhat lesser concern than health and value considerations across all generations.



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Q: Please select your agreement or disagreement with the following statement: I always choose the lowest priced product when I purchase food and beverages.

Q: Please select your agreement or disagreement with the following statement: I always consider the impact on the environment when I purchase food and beverages.

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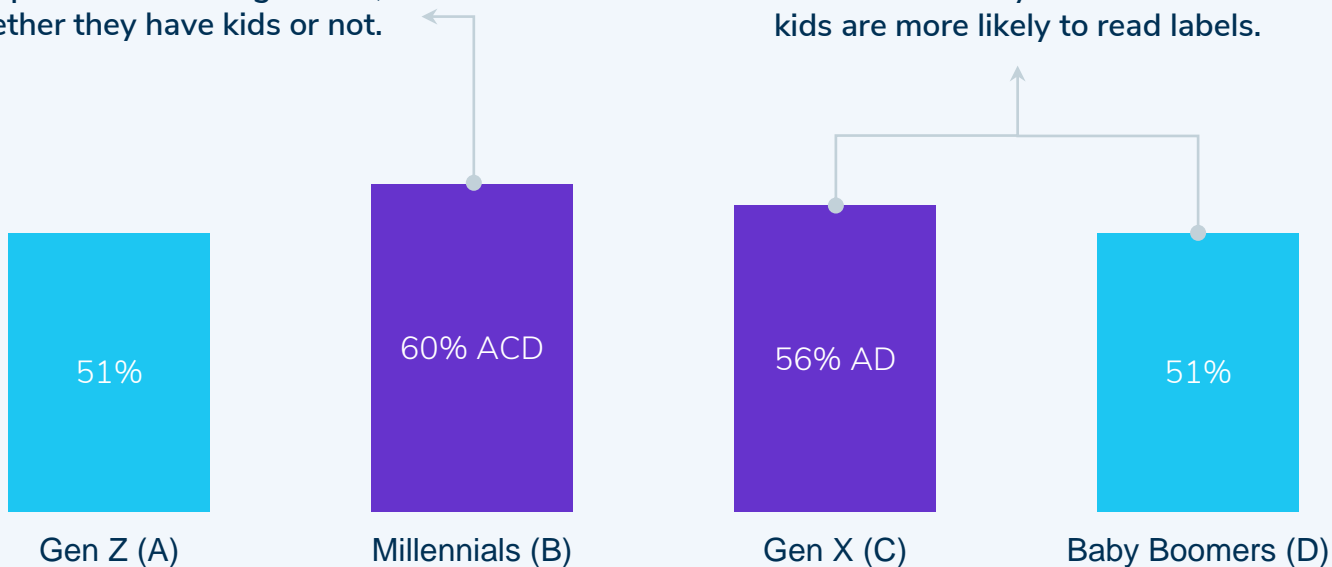


WHO READS THE INGREDIENT LABEL?

Millennials and Gen X are more likely to read ingredient labels.

Millennials read product labels regardless, whether they have kids or not.

Gen X and Baby Boomers with kids are more likely to read labels.

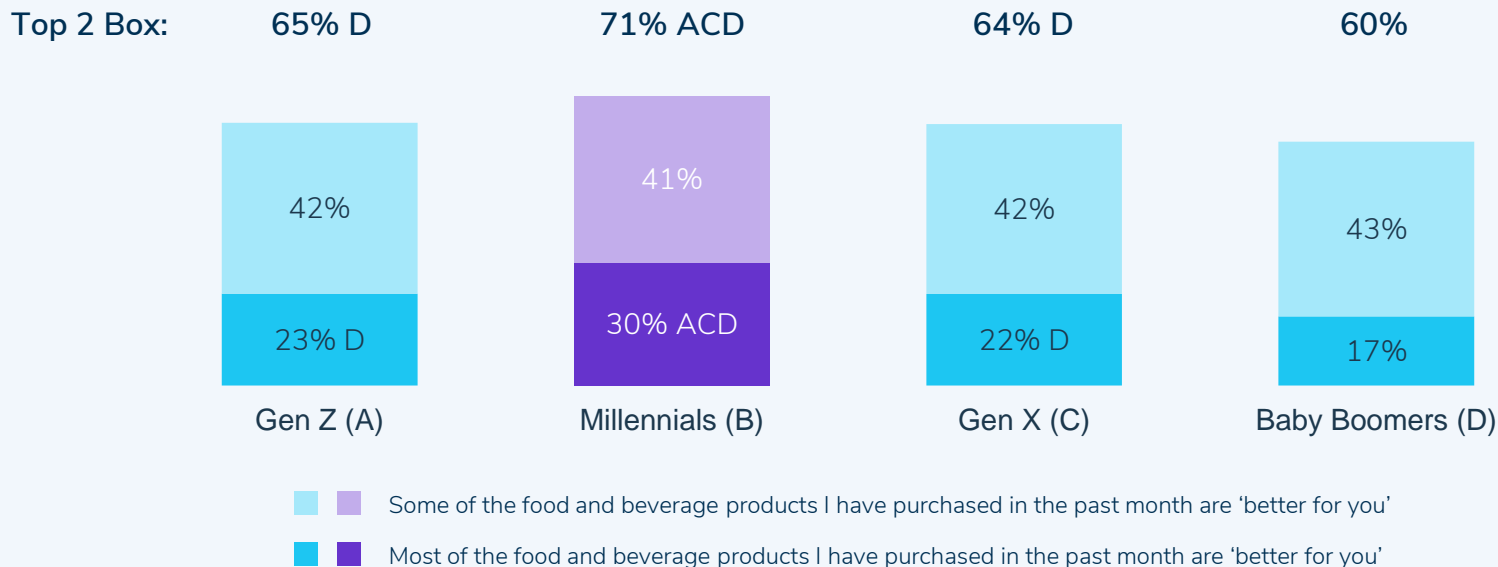


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'BETTER FOR YOU' PURCHASING BY GENERATION

Targeting 'better for you' products to Millennials offers the biggest growth opportunity.

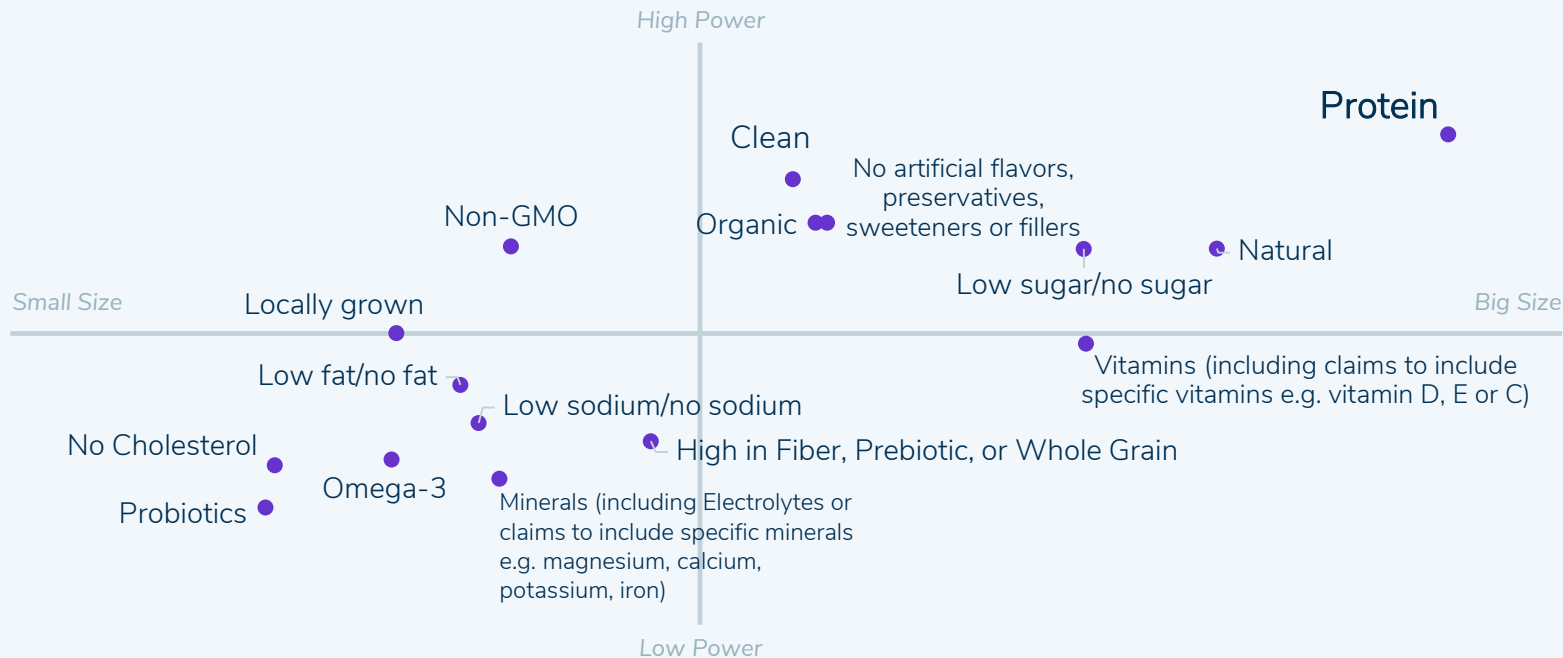


Q: Food and beverage products often make claims that they are better for you, which of the following best describes your purchase behavior of 'better for you' products?
(Gen Z n=719), (Millennials n=2536), (Gen X n=2379), (Baby Boomers n=1366)
A/B/C/D Statistically significant at 95% confidence level.



SIZE AND POWER OF BETTER-FOR-YOU CLAIMS - MILLENNIALS

Protein is most important to Millennials and 'Clean' gains importance compared to general population.



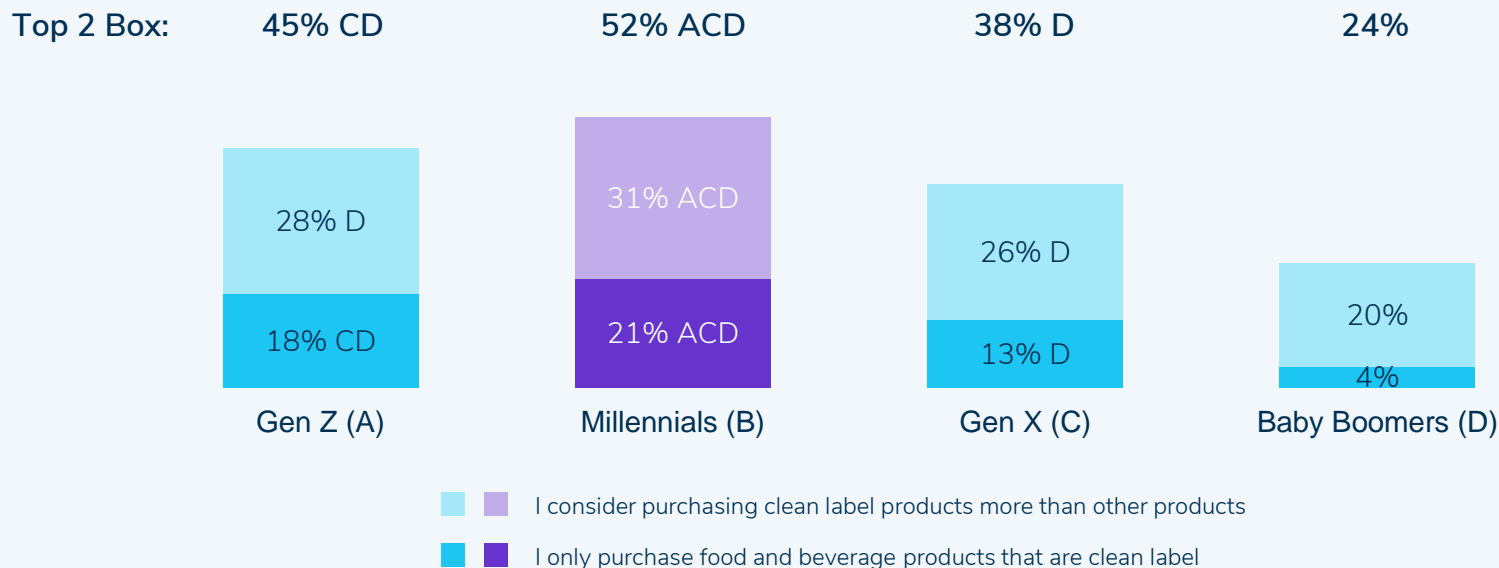
Q: Which of the following claims you may find on food or beverage products, if any, are important to you? (Millennials n=2536)

Q: Please rank the below claims in terms of how important they are to you when you purchase food and beverage products. (Where 1 is the claim that would make you most likely to purchase this product if it made this claim).



CLEAN LABEL SHOPPING BY GENERATION

Millennials are most likely to purchase Clean Label products.



Q: Which statement best describes your familiarity with Clean Label products?

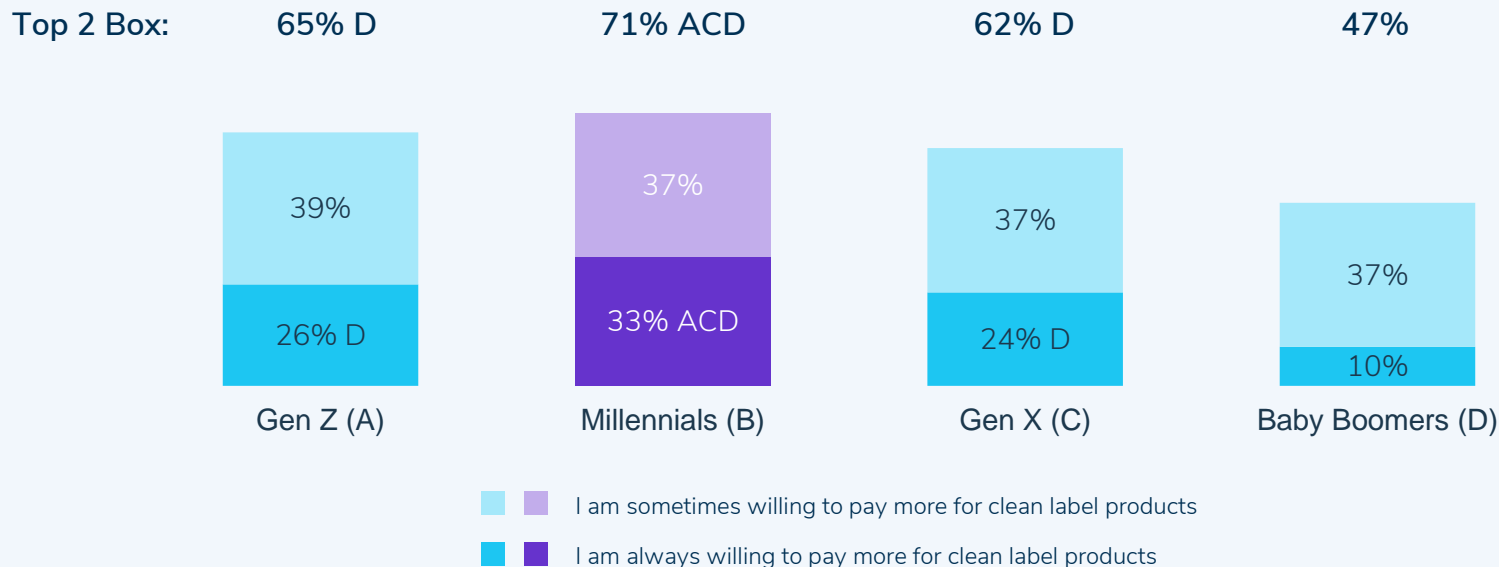
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A/B/C/D Statistically significant at 95% confidence level.



'BETTER FOR YOU' PURCHASING BY GENERATION

Millennials are also more likely to pay extra for Clean Label products.



Q: Which of the following best describes your purchase behavior of Clean Label products? (Gen Z n=598), (Millennials n=2148), (Gen X n=1828), (Baby Boomers n=881)
A/B/C/D Statistically significant at 95% confidence level.



GUTCHECK'S BEHAVIORAL DATA PROVIDES AUDIENCE INSIGHTS

What resonates with Millennials?

2.2x

Healthy Lifestyle

More likely to than the general population to be **very health conscious** and focused on eating well, being fit, and overall wellness. They are 2 times more likely to be **actively on a Diet**.

3x

TV Channels

More likely to watch **Baby's First TV network**, suggesting that many of them have small kids. Other popular channels are Centric, Logo, Fuse, the Golf Channel and Boomerang. Top genres to watch are Religious, Reality, Movies and Music.

2.2x

Sports and Activities

More likely to be frequent participants in **outdoor sport**, be regular **runners** or **joggers** and **go to the gym**.

3x

Interests

More likely to buy **Entertainment Books** or subscribe to Entertainment Magazines. They are also 2.7 more likely to buy **Food & Cooking Books** or subscribe to Food & Cooking Magazines.



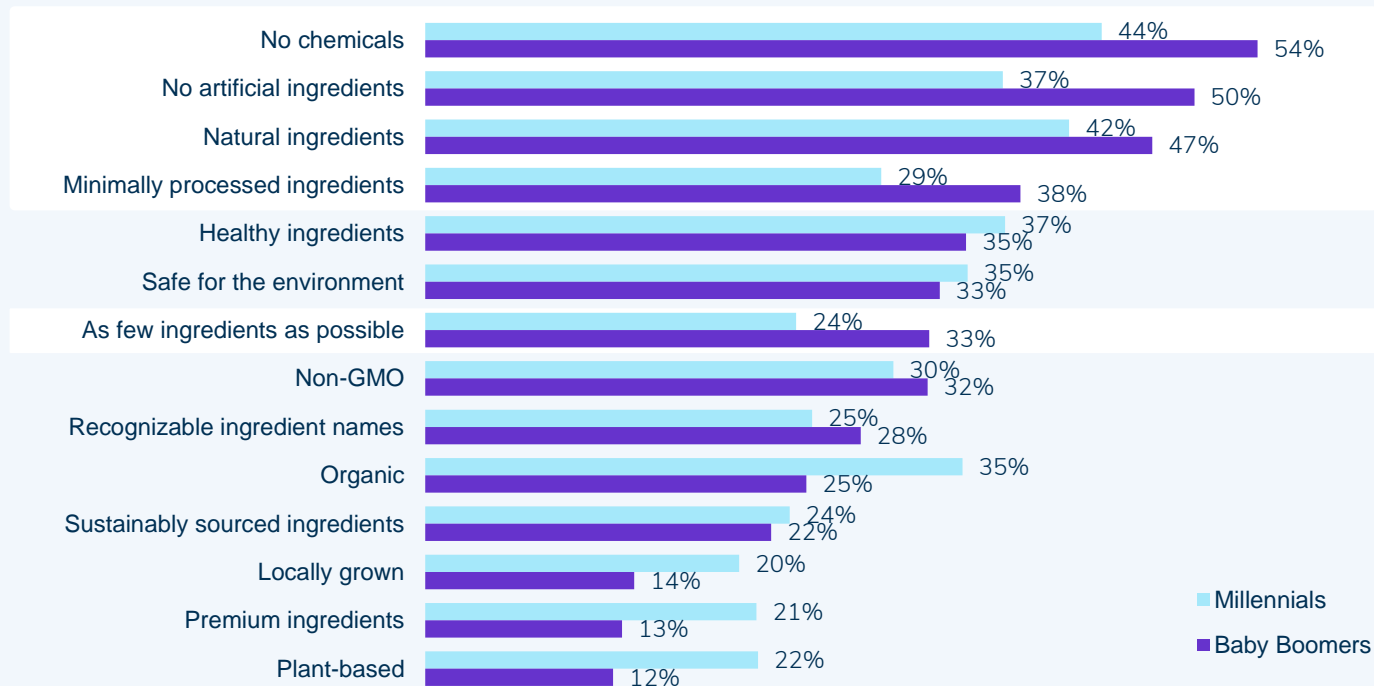
BABY BOOMERS





MEANING OF CLEAN LABEL

Baby Boomers are more aware of the meaning of Clean Label.



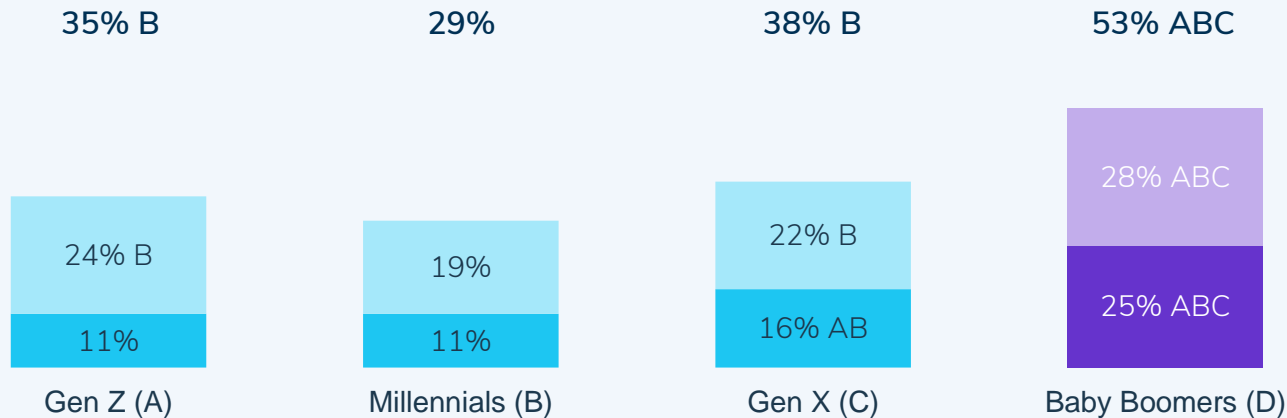
Q: Which of the following describes best what Clean Label means? (Aware of Clean Label: Millennials n=2148; Baby Boomers n=881)



WILLINGNESS TO PAY MORE FOR CLEAN LABEL BY GENERATION (BOTTOM 2 BOX)

However, Baby Boomers are the least likely to purchase Clean Label.

Bottom 2 Box:



- ■ I only buy clean label products if the price is comparable to other products
- ■ I do not purposefully buy clean label products, regardless of the price

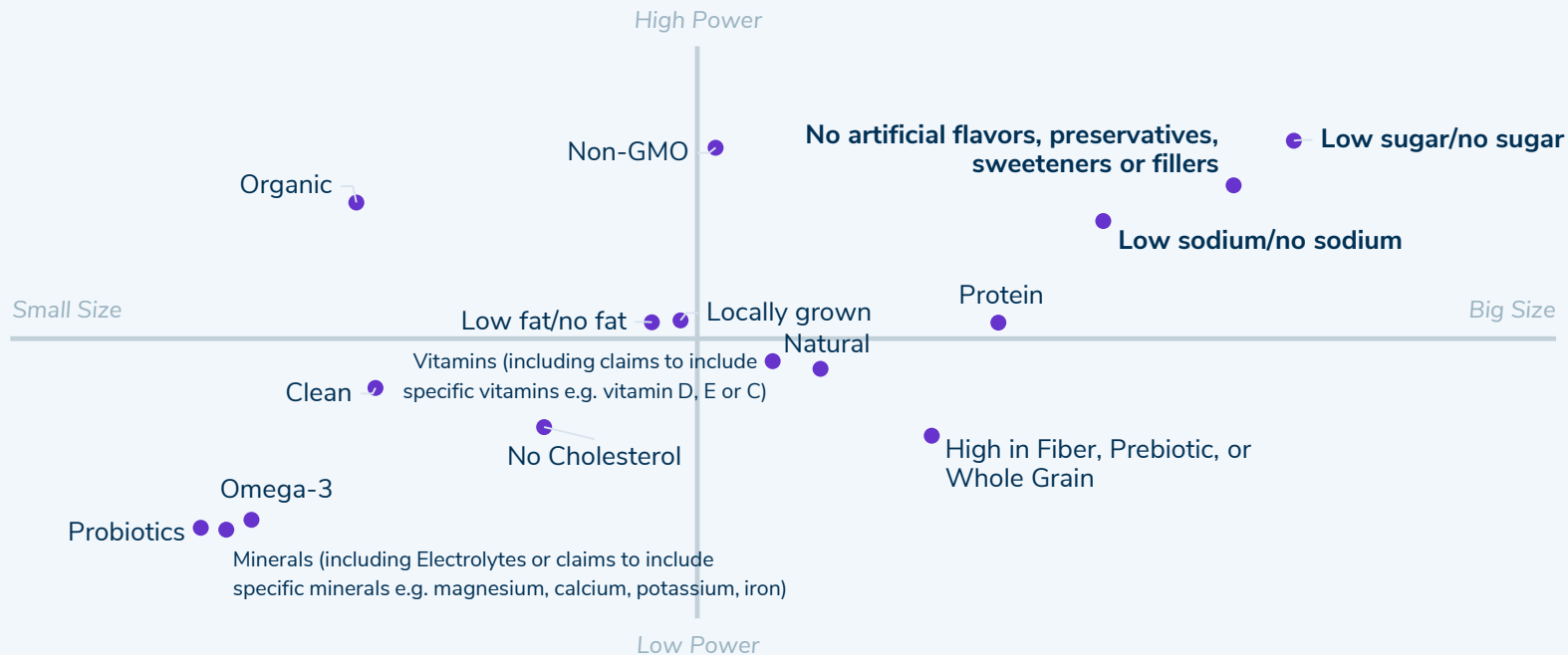
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SIZE AND POWER OF BETTER-FOR-YOU CLAIMS – BABY BOOMERS

Baby Boomers are more interested in low/no sugar and sodium options.

Having no artificial add-ins is important to them – however, they do not feel the need for Clean Label.



Q: Which of the following claims you may find on food or beverage products, if any, are important to you? (Baby Boomers n=1366)

Q: Please rank the below claims in terms of how important they are to you when you purchase food and beverage products. (Where 1 is the claim that would make you most likely to purchase this product if it made this claim).



GUTCHECK'S BEHAVIORAL DATA PROVIDES AUDIENCE INSIGHTS

What resonates with Baby Boomers?

2.5x

News

More likely to than the general population to be **avid news consumers**. This is also reflected in Baby Boomers being **avid readers** in general.

1.6x

TV Genres and Channels

More likely to watch **Music** and **Action and Adventure** on TV. Other popular genres are Religion, Cooking and Reality. Logo, FYI and Food Network are popular channels. They also watch Destination America and BBC America.

Less

Less Active Lifestyle

Baby Boomers do not over index on sports activities other than watching and following sports teams, indicating that they are less active than younger consumers.

3x

Interests

More likely to buy **Entertainment or Food & Cooking**. They are also 3 times more likely to attend the **theater/shows/stage** productions.



APPENDIX

Appendix

| Gender | |
|--------------|-----|
| Male | 44% |
| Female | 56% |
| Age | |
| Generation Z | 10% |
| Millennials | 36% |
| Generation X | 34% |
| Baby Boomers | 20% |
| Region | |
| Midwest | 22% |
| Northeast | 19% |
| South | 40% |
| West | 19% |

| Household Income | |
|-----------------------|-----|
| Less than \$20,000 | 19% |
| \$20,000 - \$29,999 | 13% |
| \$30,000 - \$39,999 | 11% |
| \$40,000 - \$49,999 | 10% |
| \$50,000 - \$59,999 | 9% |
| \$60,000 - \$69,999 | 5% |
| \$70,000 - \$79,999 | 7% |
| \$80,000 - \$89,999 | 3% |
| \$90,000 - \$99,999 | 4% |
| \$100,000 - \$109,999 | 4% |
| \$110,000 - \$124,999 | 3% |
| \$125,000 - \$149,999 | 4% |
| \$150,000 or higher | 5% |
| I prefer not to say | 3% |

| Ethnicity | |
|--------------------|-----|
| African American | 16% |
| Asian | 5% |
| Caucasian | 67% |
| Hispanic / Latino | 9% |
| Other | 4% |
| Employment | |
| Employed full-time | 46% |
| Employed part-time | 13% |
| Self-employed | 8% |
| Unemployed | 17% |
| Retired | 10% |
| Student | 4% |
| Prefer not to say | 2% |

Appendix

| Children in HH | |
|----------------|-----|
| 0 | 54% |
| 1 | 21% |
| 2 | 16% |
| 3 | 6% |
| 4 | 2% |
| 5 or more | 1% |

| Marital Status | |
|---------------------|-----|
| Single | 32% |
| Married | 43% |
| Divorced | 10% |
| Widowed | 3% |
| Separated | 2% |
| Living with Partner | 10% |

| Purchase History | |
|---|-----|
| Milk, Cream or Milk Substitutes | XX% |
| Cheese | XX% |
| Ice Cream, Novelties or Sherbet | XX% |
| Egg & Egg Substitutes | XX% |
| Butter, Butter Blends, Margins or Dairy Spreads | XX% |
| Yogurt | XX% |
| Cottage Cheese & Sour Cream | XX% |
| Cream Cheese | XX% |
| Dips | XX% |
| Whipped Cream or Dessert Toppings | XX% |
| I have not purchased any of the above | XX% |

| Education | |
|-----------------------|-----|
| Less than high school | 3% |
| High school graduate | 26% |
| Some college | 25% |
| Associate degree | 15% |
| Bachelor degree | 22% |
| Advanced degree | 9% |

METHODOLOGY

- Online Interviews
- Sample size $n=7,000$
- Sample balanced by gender, age and region with nested quotas for gender and age to ensure fair representation
- Average interview length 13 minutes
- Interviews conducted November 2019



Combines the best of both worlds – survey research and big data – to build the actionable insights you need to grow your brand

We connect target audiences identified through research surveys to their big data profile to build a unified view of consumers. We leverage thousands of additional data points to provide foundational and actionable insights.



RESEARCH REFERENCES

| Theory | Source Information |
|-----------|---|
| The Big 5 | Costa, Paul T., Jr., and Robert R. McCrae. Revised NEO Personality Inventory (NEO-PI-R) and NEO Five-Factor Inventory (NEO-FFI) Manual. Odessa, FL: Psychological Assessment Resources (1992). |
| The Big 5 | Hirsh, Jacob B., Sonia K. Kang, and Galen V. Bodenhausen. Personalized Persuasion: Tailoring Persuasive Appeals to Recipients' Personality Traits. External link icon Psychological Science, Vol. 23(6) (June 2012): pp. 578-581. |
| Needs | Ford, J. Kevin. Brands Laid Bare: Using Market Research for Evidence-Based Brand Management. John Wiley and Sons (2005). |

Personality Insights are provided through a partnership between Stat Social and IBM Watson; these insights rely on the work of those above (as well as others). IBM Watson codes a person on the three primary theories based on the content they produce online. StatSocial links this profile to PII so that it can be onboarded and activated through advertising technology channels. GutCheck leverages this data on your specific audience to provide a detailed profile of your audience on the three theories of human behavior.



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