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HEALTHY SNACKING IN AMERICA

HISTORY, HABITS,
AND TRENDS

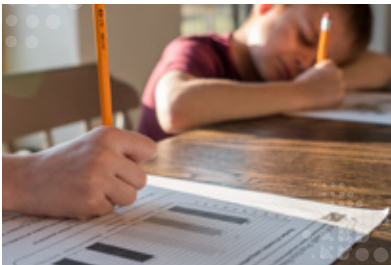


Introduction

A year ago, concepts such as “lockdowns,” “mask mandates,” and “social distancing” were unknown to most of us. Today they are part of our everyday language. Even now – early in 2021 - the COVID-19 pandemic continues to dramatically impact nearly all aspects of our lives:



- 56% of Americans are still working remotely – 33% always, 23% sometimes, compared to 20% who said they always or mostly worked from home before the pandemic. ^{1,2}



- 60% of U.S. students are being educated via remote learning – 35% all remote, 25% hybrid.³



- Entertainment venues, if they are even open, are operating with massive restrictions on attendance. ⁴
- Nearly 60% are continuing to avoid even small gatherings of people, such as with family or friends. ⁵
- Most Americans (65%) expect it will be at least six months before beginning to return to normalcy – 30% say it will be a year or more. ⁵

These shifts in behaviors have resulted in significant changes in how Americans eat, where they eat and what they eat. Research America has completed an extensive review of published articles, consumer opinion polls, syndicated studies, reports and forecasts to illustrate the impact COVID-19 has had on Americans' eating habits, with particular emphasis on snacking. This report explores the changes we saw in 2020, highlights where we are now, and attempts to predict where we are going.



Covid-19 has changed how we shop...

Almost
90%
of U.S. shoppers
say their shopping
habits have changed
due to the pandemic.

Many sources say consumers are making fewer in-store shopping trips, but basket size has increased. Americans are shopping differently in-store - more are using a list and sticking to their list with fewer impulse buys. This is partly due to economic hardships as a result of COVID-19, and partly due to shoppers' desire to minimize time spent in contact with others. Last, but certainly not least, online grocery sales in the U.S. are forecast to continue increasing after seeing 300% growth in the first few months of the pandemic.⁶

Catalina, a shopper intelligence company, reports that shoppers made an average of 6.7 retailer trips per month in August 2020, down from 7.5 retailer trips per month compared to August 2019, a decrease of nearly 11%. In addition, shoppers spent an average of \$49.28 per grocery store visit in August 2020, up from \$41.38 in August 2019, an increase of 19%. More than 60% of shoppers say they "stock up" when they do shop by buying more packs and larger packs. Among the items being stockpiled are canned goods, pasta, cheese, meat, snacks, jarred sauces, and liquor/beer/wine.⁷ LendingTree, an online lending marketplace, reported in October 2020 that American consumers' monthly grocery spending is on average \$100 more per month than it was pre-COVID-19.⁸

Most consumers still shop in stores at least occasionally, but more than half say they feel stressed when shopping in a store. Stress is driving them to avoid stores and to shop less frequently. Consumers say they are spending less time in the store - they want to get in and out as quickly as possible. Pre-COVID shopping trips were described as "leisurely and exploratory," with shoppers browsing the store an average of 20 minutes before making purchasing decisions. Now, shoppers characterize their shopping trips as "planned and directed," with most purchase decisions made before they enter the store. Consumers are also shopping more during non-peak times.

A survey by Inmar Intelligence, a North Carolina-based data analytics company, shows that nearly 80% of U.S. consumers have shopped online for groceries since the pandemic began, up from 39% in 2019. From August 2019 to June 2020, the number of online customers increased from 16.1 million to 45.6 million.⁹

Over half of U.S. consumers say they are looking to reduce spending on foods and drinks, and they have become less "brand-conscious" when buying food (53% and 52%, respectively). More than one-third (35%) of all shoppers are using coupons more now than they did before the pandemic (LendingTree).

...and how we eat.



With restaurants closed, operating at reduced capacity or limited to carry-out/delivery only, as well as consumer fears of catching the virus in public places and financial stress due to job layoffs for many families, it's no surprise that COVID-19 has impacted the eating habits of most people. According to IFIC's 2020 Year-End Survey, **85% of Americans say they have experienced at least some change in their eating or food preparation habits because of COVID-19.**

Not surprisingly, 60% of consumers say they are cooking and eating more meals at home, with 35% of people have developed a newfound passion for cooking. Results from the Hunter Food Study Special Report Wave Two: America Keeps on Cooking (December 2020) show that Americans are continuing to cook more (51%) and bake more (41%) than they did at the same time last year. Roughly 30 more minutes are spent each day cooking in the kitchen compared to the same time last year. Plus, the vast majority (71%) of those who are cooking more intend to continue doing so after the pandemic ends. Respondents say key motivations for continuing to cook at home in the future include saving money (67%) and eating healthier (56%).

On the other hand, some sources report consumers are growing tired of having to cook so many meals at home and many are now buying more pre-made foods to feed themselves and their families during the ongoing pandemic. Significant growth in sales of meal kits, prepared foods at grocery stores, as well as take-out and delivery orders from restaurants has occurred. More than half of consumers interviewed in a OnePoll survey said they are eating more take-out or delivery foods. Three in five have considered ordering pre-made meals and two in five have ordered meal kits.¹⁰ Third-party delivery services have taken on increased importance, especially among Millennials. DoorDash, the leading food delivery service, reports revenue jumped 226% (versus a year ago) to \$970 million for the October-December 2020 period. In addition, according to Technomic's 2020 Delivery and Takeout Consumer Trend Report, 66% of consumers anticipate continuing to use curbside pickup after dine-in services resume.

Americans appear divided between healthy eating and less healthy eating. The Hartman Group's Eating Occasions Compass 2020 shows 43% of respondents reported eating more fruits now than before, 42% reported eating more vegetables, and 30% are eating more protein. On the other hand, 47% of consumers reported eating more sweets now than before, 24% are eating less vegetables now than before, 21% are eating less fruit, and 19% report eating less protein. One-fourth of Americans say that they're eating more comfort foods, and one in five say that they're eating more when they're stressed or anxious.

Boredom is also playing a role in Americans' food choices. Many begin the day with healthy intentions, but their food choices become less healthful in the evening & late night.



Survival Mode- Stress leads to snacking.

It's no surprise that early in the pandemic, Americans felt fear, anxiety, distress, and loneliness. Even a year into the pandemic, a January 2021 Harris Poll (Stress in America; January 2021 Snapshot) shows that 84% of adults reported feeling stress in the past two weeks – anxiety was felt by 47%, sadness by 44%, and anger by 39%. The survey found that the average stress level during the prior month was 5.6 (on a scale from 1 to 10 where 1 means “little to no stress” and 10 means “a great deal of stress”.) This is actually higher than the stress levels reported in the American Psychological Association’s report 2020 Stress in America™ surveys since April.¹¹



Research shows that when levels of the stress hormone cortisol increase, even healthy non-stressed adults will eat more snack foods and junk foods. The pandemic has left consumers seeking “comfort foods” and familiar brands that make them feel calm and comfortable. In the first few months of the pandemic consumers reported craving comfort foods and eating to relieve stress, feel normal, indulge, improve mood, and escape reality:¹¹

- **85%** said eating their favorite snacks made them feel “normal”
- **76%** said snacking is a way to treat themselves
- **64%** said snacking gives them a few moments of peace
- **63%** said snacking was a bright spot in their day
- **53%** bought nostalgic snack brands that were popular during their childhood
- **45%** said snacking brings them comfort ¹²

The Freedonia Group’s National Online Consumer Survey (conducted November-December 2020) reports that up to 54% of respondents say they are eating more snacks and treats because of the coronavirus pandemic. **While 45% note that they are eating more healthy foods such as fruits and vegetables in order to boost their immunity/health, 25% say they are eating less healthy and 59% are eating more comfort foods.**

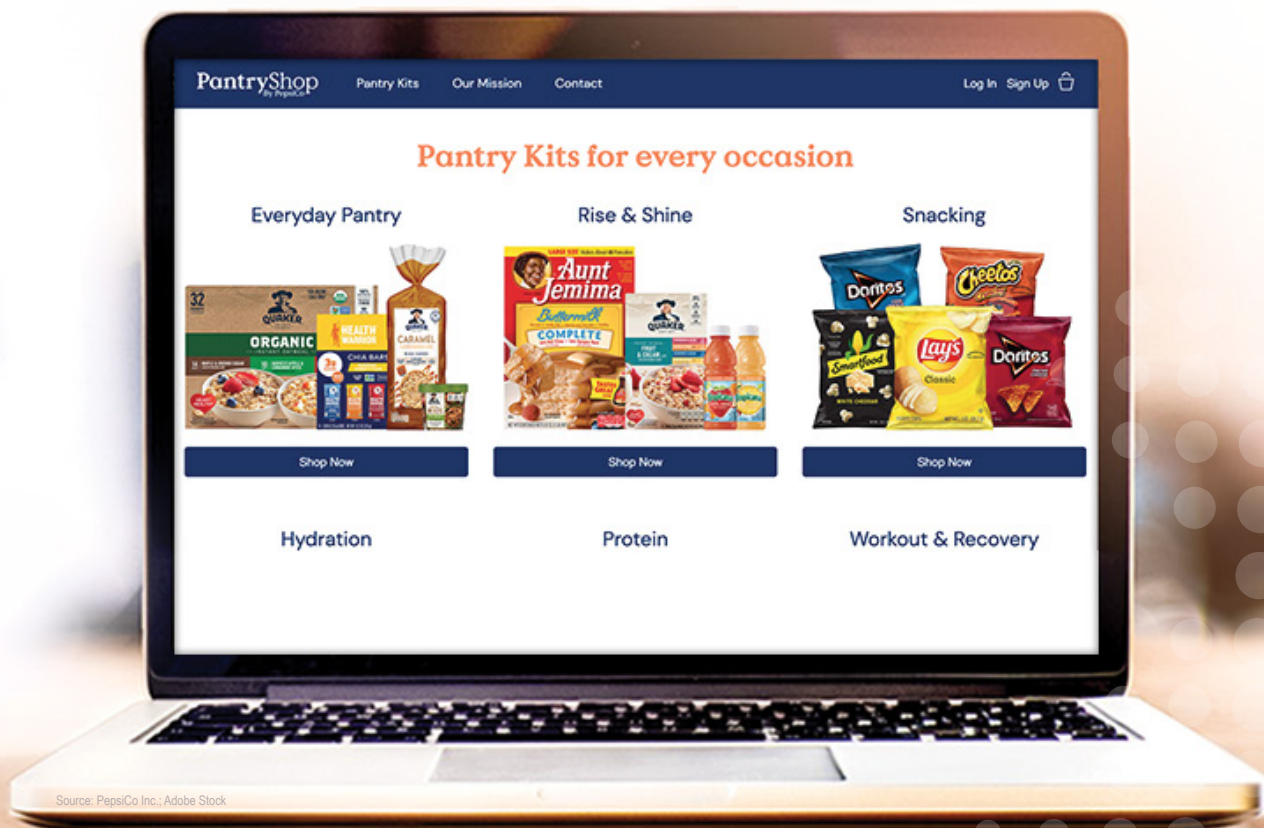
Stress leads to snacking (cont.)

Consumers are also stocking up on snacks more than ever before. Two-thirds say they keep more snacks stocked at home than before the pandemic – many (66%) are concerned about products being out of stock. Interestingly, 58% say snacking at home will be part of the “new normal” after COVID-19. The Frito-Lay’s U.S. Snack Index supports this trend. The survey showed that 66% of respondents plan to keep more snacks in their house than before COVID-19 — citing fears that their favorites will be sold out and to limit their exposure to the virus by having to go out shopping. Also, nearly four in 10 consumers report replacing meals with snacks – **70% of Millennials and 67% of those working from home during the pandemic prefer snacking over meals**, according to Mondelez International’s second State of Snacking report.

Snacking habits differ by age, though, with younger adults snacking more - 61% of those age 18-29 years report more snacking, as well as 50% of those age 30-39, 47% of those age 40-49, 31% of consumers age 50-59, and 42% of those age 60 and over. Parents are also eating more snacks to relieve stress, as 41% of adults with children under 18 are snacking more, compared to 29% of adults without children.¹³

Along with stockpiling snacks purchased at the grocery, virtual snack shopping has increased as well. **Almost 50% of U.S. consumers say they have started to buy snacks online more often than they do in-store or offline** - 77% said shopping for snacks online was easier than they thought it would be, and 69% said they plan to keep shopping for snacks online once the pandemic is over. Millennials especially (64%) are purchasing more snacks online compared to other age groups. Two-thirds (67%) of global consumers say they started shopping online because they felt it was safer than going to the store, but they plan to continue shopping online post-COVID-19 because of the convenience (Mondelez State of Snacking Report 2020).

Capitalizing on this trend, PepsiCo announced the launch of PantryShop.com and Snacks.com, two direct-to-consumer websites where shoppers can order an assortment of PepsiCo’s food and beverage brands.¹⁴



Source: PepsiCo Inc., Adobe Stock

What Have We Been Snacking On?

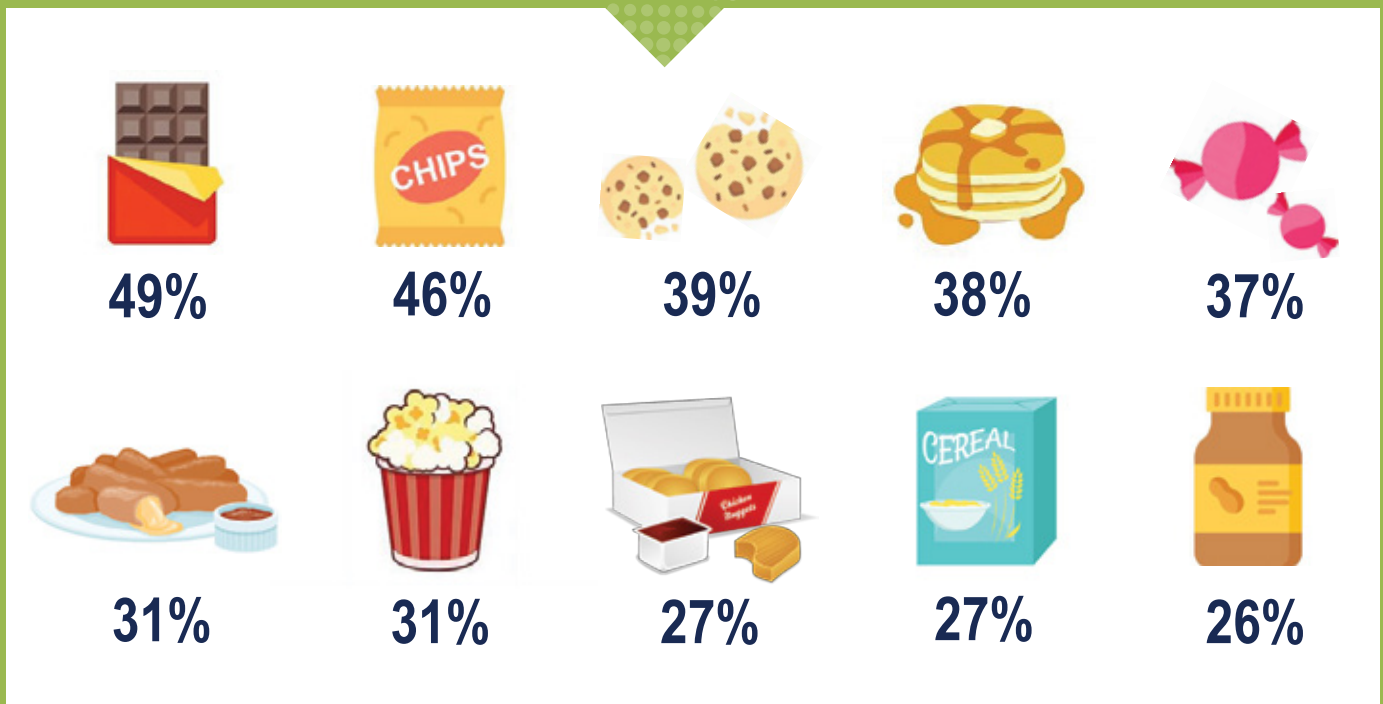
IRI data shows some of the specific categories that grew significantly during the pandemic included crackers, tortilla chips, potato chips, popcorn (both kernel and microwave), aerosol/squeezable cheese spreads, and canned/bottled fruit. Several frozen snack foods also saw big increases in dollar growth rates, including frozen cookies and frozen pretzels, as did some refrigerated snack foods, including yogurt and yogurt drinks.¹⁵

The cookie category has more than doubled in dollar sales in 2020 versus 2019, according to IRI. In 2019, the total cookie market accounted for \$9.1 billion in sales and grew 3.7%. For the 52-weeks ending September 16, 2020, that growth rate reached 6.6%.¹⁶

A survey completed by OnePoll in conjunction with Farm Rich Food Products Company (July 2020) found that two in three U.S. consumers are reverting to childhood food favorites and eating more comfort food during the pandemic. That includes increased consumption of all-time favorites such as pizza (55%), hamburgers (48%), ice cream (46%), french fries (45%), mac and cheese (38%), and spaghetti and meatballs (32%).

“More than 40% say they reach for comfort food to “bring happiness.”

The survey revealed Americans’ top comfort food snacks are:¹⁷



Data published in Supermarket News (August 4, 2020) seems to confirm these findings – sales of chocolate in supermarkets increased nearly 6% versus a year ago to more than \$4B, while sales of salty snacks in supermarkets increased almost 9% vs. YA to \$11.6B.

The "Covid 19" OR "Quarantine 15"

A Pew Research Foundation study (August 7, 2020) found that U.S. adults are turning to many different activities on a regular basis to help cope with the pandemic. The vast majority of adults say they watch TV or movies on a daily basis (73%), and a smaller majority (57%) spend time outdoors every day to help make it through the crisis. Some say they spend time talking on the phone or by videoconference with friends and family (70%), while others (64%) say exercising is helping them cope. Less common coping activities include reading scripture, meditating, and yoga.

What we aren't doing during the pandemic: going to gyms, attending events, walking in and out of work, playing sports. Most Americans have less routine or no "normal" schedule; gym closures and canceled events may be decreasing structured exercise. The lack of a routine or normal daily schedule could further be impacting both structured exercise and spontaneous physical activity if people are remaining indoors most of the time.¹⁸

Now, people are becoming concerned about "COVID-19 curves" and the "Quarantine 15" – both referring to weight gained during the pandemic. The current COVID-19 situation is a "perfect storm" for overeating and weight gain. Sedentary pastimes with little opportunity (or motivation) to exercise. Pantries well-stocked with comfort foods and snacks. High stress from working at home while teaching children. Financial concerns due to job lay-offs or reduced hours. Fears about catching the virus. Couple that with increased boredom during the pandemic, and it's easy to see how consumers might gain weight during the pandemic.^{19, 20}



According to a new study of 3000 people completed by the American Psychological Association (APA) and released March 12, 2021, 61% of American adults report undesired weight gain since the pandemic began. On average, they reported gaining 29 pounds, and one in 10 said they gained more than 50 pounds.²¹

In 2021, many consumers say they will prioritize health and wellness - they are planning to eat healthier and get back to their pre-COVID-19 weight. FMCG Gurus consumer insights show that 79% of consumers plan on eating and drinking healthier as a result of COVID-19. Many of these consumers (56%) say they will do so by reducing their sugar intake from their diets. Low-sugar claims and functional ingredients such as protein could be significant benefits for snack brands in 2021. However, since many consumers associate these types of claims with sacrificing good taste, compelling positioning will be needed to catch their attention.²²

So now what?

Trends that are likely to impact snacking in 2021

According to IRI, the snack market was seeing strong growth going into the pandemic, and the pandemic gave these trends a dramatic boost. **Strong consumer interest in snacking is expected to continue into the post-pandemic period.** Sally Lyons Wyatt, Executive Vice President and Practice Leader, Client Insights for IRI, recommends that snack companies balance **price** with **quality** and **wellness** attributes to capitalize on growing interest during and after the COVID-19 pandemic. She also advised leveraging targeted media to reach consumers in their homes and develop online strategies to attract and retain snack consumers.²²

Consumers also report the trend of snacking at home is likely to continue - 58% say snacking will be part of the “new normal” after COVID-19 ends, and 64% say they plan to continue eating small snacks throughout the day and have fewer large meals. Two-thirds of consumers say it's ok to enjoy an occasional guilty treat as part of a balanced diet, but consumers want more snacks that are guilt-free and conveniently nutritious.

- **77%** of consumers say they plan to eat and drink more healthily in 2021 as a result of COVID-19.
- **56%** say immunity-boosting foods have become top of mind.
- **55%** say they want snacks to offer a nutritional boost.
- **43%** plan active dieting in 2021 vs. 38% in 2019 and 36% in 2018.²³

Findings from ADM's (Archer Daniels Midland Company) OutsideVoice research portal showed that 77% of consumers want to do more to stay healthy in the future – including both their physical health and their mental health. ADM's survey also found 57% of global consumers are more concerned about their immunity because of the pandemic.

More than half of consumers are looking for items that promote healthy weight, which is especially important given the relatively sedentary lifestyles many consumers have had during the pandemic. Three in 10 are looking for and purchasing items that are tailored to helping improve specific health and wellness issues, and nearly half (48%) say they will purchase more items related to health and wellness.

With the growing interest in snacking, manufacturers have a significant opportunity to address consumers' needs in 2021 and beyond. Here are some trends that will impact consumers in the coming year; snack manufacturers and sellers would be wise to be aware of these and incorporate solutions into their product development and marketing plans.



Trends that are likely to impact snacking in 2021(cont.)

Immunity and Wellness

Analysts expect that 2021 will see an increased focus on snack foods that promote wellness, including both physical health and emotional well-being. Interest is expected to be high for nutritious snacks designed to boost immunity, enhance mood, and provide energy. As previously mentioned, sedentary work and being home for longer periods has led to increased body weight among many individuals and increased consumer interest in healthy snacking. Some trends predicted by FMCG Gurus are:

- **Proactive living** – Consumers plan to make changes to their diets with a focus on abstaining and/or moderation in order to make instant health improvements.
- **Rediscovering Health** – More attention will be placed on immunity.
- **Menu for Me** – Consumer demand for personalized health solutions will increase.
- **Better for You, Not Best for You** – This trend recognizes that eating and drinking occasions can vary, and the best way to respond is through products that combine taste and nutrition.²⁴

“In Tune with Immune” is also one of Innova Market Insights’ Top Trends for 2021. Ongoing fear and anxiety from the COVID-19 pandemic are causing consumers to want to boost their immune systems, and as a result, immunity-boosting ingredients will be a hot topic in 2021. According to Innova’s Consumer Survey 2020, 60% of global consumers are increasingly looking for food and beverage products that support immune health, and nearly one-third say that concerns about immune health increased in 2020 over 2019. Innova’s research also shows that 54% of global consumers claimed to have spent time educating themselves on ingredients and procedures that could boost their immune health in the wake of concerns over COVID-19.²⁵



According to IRI consumers are open to a variety of healthy “add-ins” to their snack products:

- Vitamins and minerals – **54%**
- Probiotics – **38%**
- High in fiber (to benefit digestion) – **48%**
- Collagen (healthy joints) - **46%** ²⁸

Trends that are likely to impact snacking in 2021(cont.)

Comfort and Mental Health

Americans are eager to return to “normalcy”, but they also realize this will take a while. According to new research from the International Food Information Council (IFIC) published in December 2020, Americans expect to continue doing pretty much what they have been doing all along – seeking out foods that are familiar and comforting. The IFIC survey showed that 25% of consumers have been eating more comfort foods since the pandemic began. The desire for “comfort foods” is likely to continue in 2021, even with the increased focus on health.²⁶ A Saage Insights 2021 Trend Report sums up consumers’ needs for the coming year: “As the pandemic continues to upend life, the products that will stand out next year will be those that address the consumer’s need for comfort, immunity, and mental health.”

As a result of the pandemic, more than 50% of global consumers report suffering from moderate, high, or extreme levels of stress.²⁷ In an article published January 2021, the food intelligence company, Tastewise, says they expect to see consumer interest in functional foods for mental health continue to rise, even post-pandemic. Interest in foods and beverages for anxiety has increased 42% year over year, while interest in foods to improve mood is up 100% year over year. (They also claim that interest in immunity-boosting foods is up 150%.)

Consumers are looking for relief from the stress and anxiety of the pandemic. Within food and beverage, interest is growing in naturally lifting moods through ingredients such as cannabis, adaptogens, nootropics, probiotics, prebiotics, or omegas. An entire category of drinks – relaxation drinks (the opposite of energy drinks) - is emerging that promises to “uplift and calm”, powered by these ingredients. A good example of this is PepsiCo’s new beverage, Driftwell, which is expected to be in supermarkets first quarter of 2021. The beverage is designed to help people “destress and relax” before bed.²⁸



Trends that are likely to impact snacking in 2021(cont.)

Convenience

Recent research from Technomic shows that convenience and health are consumers' priorities for retail food. Technomic's 2020 Snacking Occasion Consumer Trend Report states that snacking "en-route" is the number one occasion for away-from-home snacking, followed by snacking at work. Some of the consumers who began working from home after the onset of the pandemic are once again back to traveling to and from work, and that number is likely to continue to increase. Consumers say "high protein" and "gives me energy" are the most appealing attributes of a c-store snack. In addition, individually packaged items are a top priority because they offer both portability, portion control and an extra sense of protection for consumers concerned about food safety during the pandemic.²⁹

As previously mentioned, people (especially millennials and younger) are replacing meals with snacks and eating foods which wouldn't have previously been described as snacks - things like wings, meat snacks or avocado toast. This is not a new trend, but it appears the 'three meals a day' model continues to fade away. Consumers want portable (i.e. convenient) and nutritious. Brands are integrating superfoods into snacks in order to give shoppers a quick health fix on the fly. Shoppers will consider buying snacks in many more locations now and are intentionally looking for snacks to indulge in, satisfy a craving, or to tide themselves over until their next meal. This means brands need to make snacks available (in abundance and variety) in many locations and at the right time to connect with their hungry consumers.^{30,31}

Along the same lines as convenience, Mondelez International has launched its "snacking made right" campaign, which promotes mindful snacking with portion control and eating advice.

The goals of the campaign are to:

Give consumers the right snack (give people a wide range of high-quality snacks so they can make great informed choices - from indulgent treats to wholesome bites)...

At the right moment (make it easy for people to enjoy snacks wherever they are in the world, whatever time of day)...

In the right way (advance sustainable sourcing and packaging, from the raw materials we rely on to the communities we live in and work with, and the climate we all need to care for).³²



Trends that are likely to impact snacking in 2021(cont.)

Flavor Adventures

Flavor has always been and likely always will be the leading driver of snack choice. According to Mintel research 79% of consumers surveyed said flavor is more important than brand when choosing a snack, and 52% said taste is more important than health. Nearly half of snack consumers said they like to experiment with new flavors in snacks. Currently popular flavors such as barbecue, salt, ranch and garlic will remain in demand, but pickle, rosemary, bourbon and Nashville hot are emerging snack flavors that appealed to survey participants. In addition, unique flavor combinations such as sour-spicy or spicy-sweet are predicted to grow in popularity.

Tried and true flavors (i.e., comfort foods) will continue to thrive as the country recovers from the pandemic. As restaurant access remains limited and uncertainty persists, many consumers will continue eating at home. Some industry experts feel this creates an opportunity for snack manufacturers to offer unique at-home snack experiences using flavors inspired by food favorites on restaurant menus.

For example, Pringles has introduced a new limited-edition version called Pringles Baconator based on the Wendy's Baconator. Meat snack company Slim Jim now comes in a Sonic Chili Cheese Coney flavor that tastes like the fast-food chain's like-named hot dog. Conagra has combined the flavor of "comfort foods" macaroni and cheese and bacon together in new DAVID Roasted and Salted Bacon Mac & Cheese Jumbo Sunflower Seeds. Meal-inspired flavors are showing up in snack offerings, too. Whole Foods Market (Austin, Texas) has introduced a limited-edition range of potato chips in sandwich-themed flavors, including Italian hoagie, Cuban press and pastrami on rye.

On the sweet side, nostalgic flavors like peanut butter and jelly and birthday cake remain popular, but flavor fusions are appearing in grocery stores. Herr's has partnered with the Dippin' Dots ice cream brand to create a new crunchy corn snack in cookies and cream and birthday cake flavors. Two Mondelez International brands - Chips Ahoy! Cookies and Sour Patch Kids candy – are combined in a new ChipsAhoy! Cookie. In partnership with the Hershey Co, the cookie brand is also available in varieties made with miniature Reese's Pieces or Hershey's Milk Chocolate chunks.³³

Once states begin to emerge from lockdown, consumers will likely be in the mood to celebrate and socialize. Food and beverage will once again be a focal point of get-togethers. Consumers will be craving excitement, and many experts believe this may be achieved through global tastes and unique flavor combinations. According to research done by Packaged Facts, Americans will continually seek global and regional flavors driven by the multicultural nature of the United States, social media, and exposure to foods from around the world in restaurants, food trucks, and other venues.³⁴



Trends that are likely to impact snacking in 2021(cont.)

Larger Packs, Smaller Packs and Variety Packs

The pandemic has resulted in increased purchases of larger sizes to meet the needs of families isolating in their homes. As Americans stocked their pantries with snacks to comfort them during stay-at-home orders, sales spiked for all pack sizes, but particularly for larger package sizes. The 10-to-16-ounce pack sizes grew the most with an 87% increase in dollar sales. In addition, consumers bought variety packs on core items to meet the needs of various family members and to provide relief from boredom. These trends are expected to continue into 2021.³⁵

According to a Packaging Strategies survey, consumers feel that single-serve snack packaging is here to stay. In the past, bulk snack food packaging was the standard. Consumers portioned out products on their own and felt buying in bulk was the frugal and responsible choice, especially for families. However, today's emerging generations desire convenience and portability. Couple this with increased fears about who has touched their food, and single-serve meets consumers' needs on multiple levels. Shoppers, especially the Millennial and Gen Z generations, are happy to pay a premium for snack foods that are already pre-portioned in single-serve packaging for their convenience.³⁶

Conagra Brands Inc., Chicago, has made snack innovation the focus of its agenda this year. However, instead of focusing on new flavor development, the company is cleaning up ingredient labels and offering more varied pack sizes for many of its meat snacks. Larger formats are for those following a low-carb lifestyle, while smaller sizes satisfy savory cravings any time of day.³³



The single-serve/small pack trend also fits well with health-conscious and calorie-concerned consumers – they want convenient, portable, resealable, ready-to-eat, portion-controlled snacks, without sacrificing taste.³⁷

Trends that are likely to impact snacking in 2021(cont.)



Clean-Label, Sustainability

This is not a new trend, but the pandemic has led consumers to seek more transparency from the products they consume. A clean label is an indicator of healthiness to consumers. In addition, consumers expect to see credible and well-supported claims for their products. Brands will not only need to be transparent when it comes to product ingredients, but consumers also want to see ethical considerations and environmental support, including human and/or animal welfare, fair trade, supply chain transparency, and sustainable sourcing. Over two-thirds of consumers say they want the products they buy to have a positive impact on the environment.³⁸

Value/Tight budgets

While the snack food market is expected to weather the economic downturn caused by the COVID-19 pandemic, value will be at the center of snack choices for many consumers due to financial uncertainty. Unemployment is above 6% - nearly double what it was pre-pandemic, and the number of jobs available is 10 million less than a year ago. For blacks and Hispanics, the unemployment rate remains above ten percent. A survey conducted by NPR, the Robert Wood Johnson Foundation, and the Harvard T.H. Chan School of Public Health, surveyed around 3,500 respondents nationwide in July and early August and found that nearly half of American households faced lost jobs or pay cuts during the pandemic.³⁹



Despite economic concerns, consumers will not completely give up foods that fulfill their snacking needs. During the recession of 2007-2009, Mintel reported sales of salty snacks increased 20%, even though household spending on food decreased by 7%. Consumers will look for sales, use coupons, buy private label brands, shop at new channels such as dollar stores, etc., but they will continue to purchase snacks.^{35, 40, 41}

Food Safety Concerns



IFIC has been tracking consumers' concerns about food safety for many years, with little change – food-borne illness has always been the top concern for American consumers. That changed in 2020 due to the COVID-19 pandemic - the risk of food handling and preparation related to COVID-19 was the top food-safety concern by more Americans (24%) than any other issue, ahead of food-borne illness which was the primary concern of 20% of Americans. Even though there is no evidence of transmission of COVID-19 from food or food packaging, IFIC predicts food safety will continue to be a top-of-mind concern for consumers in 2021.⁴²

Opportunities for Stores & Snack Manufacturers

In addition to products that address trends already discussed in this report (healthier, comfort, convenience, flavor adventures, value, etc.), consider:

Showcase snack options in ways that encourage trial and sales. Consumers are making fewer trips to grocery stores, spending less time in the store when they do shop, and ordering more products online, all of which reduce opportunities to discover new snack products, which are often impulse purchases. Snack brands should consider the following to combat this barrier:

- Consider creative packaging, as well as free-standing and end-aisle displays.
- Consider snack placement by occasions and day parts for their stores.
- Design snack zones in the store which introduce new products.
- Make consumer ratings and reviews highly visible.
- Let shoppers know in marketing materials where to find the new snacks in store.

Ensure proper profiling of the shopper to ensure they get relevant banners.

- Gain additional insight into your shoppers.
- Incentivize them to complete profile information for them and their families.
- Understand their individual and collective goals and build individualized messages.
- A shopper trying to eat healthy won't appreciate banners for indulgent snacks when they are looking for healthy alternatives.

Offer products to satisfy the diversity of reasons for snacking. Offer a portfolio of snacks which includes both ends of the spectrum - healthy and indulgence. Ensure shoppers will be able to fulfill any need with your products.

Focus on healthier (not necessarily healthy), without sacrificing taste. Include ingredients to meet consumers' needs such as immunity boosting, extra protein, etc. Consumers want to indulge, but they feel better about indulging when they also reap some sort of health benefit. Continue to focus on pre-COVID-19 trends such as reduced fat and sugar, lower calorie, plant ingredients, keto, vegan, and gluten-free.

Include omni-size and omni-channel. Larger packs satisfy the needs of larger families, as well as consumers seeking value. Smaller packs can be more portable, might be more appealing to consumers struggling financially who want to snack, offer portion control for those wanting to lose weight, and/or may better meet the needs of younger consumers such as Millennials. Focus equally on in-store, online and potentially direct-to-consumer marketing strategies.





Opportunities for Stores & Snack Manufacturers (cont.)

Offer more substantial, ready-to-eat snacking options as meal replacements.

Include more satiating ingredients such as more protein, healthy fats, and whole grains. If possible, include meats and/or fresh fruits and veggies. Offer these products in convenience stores where consumers often purchase on-the-go snacks, as well as supermarkets.

Include ethical and/or environmental purchase drivers.

Consumers want benefits such as sustainable, fair trade, better-for-the-world, and they might serve as a tie-breaker between two snack choices.^{43, 44, 45}

In their article titled “When Down Is Up: Building Brands in Recessionary Periods”, published in April 2020, IRI Worldwide discusses learnings from the Great Recession of 2007-2009. Based on these learning, IRI recommends the following steps for any brand wanting to drive growth during an economic downturn.

First, stay in touch with your customers. Understand that American consumers’ fears, anxiety and stress during this pandemic are significant, and probably won’t subside for some time. Experts predict the impact will linger for years - just as your grandparents and great-grandparents who lived through the Depression saved everything and wasted nothing, today’s consumers will likely have lingering fears and compulsive behaviors due to COVID-19 fears, shelter-in-place mandates, and economic hardships. It’s a crucial time to conduct pulse surveys of your consumers and monitor their changing perspectives, in order to meet their needs. IRI also recommends tracking consumers closely on social media to understand how their relationships to categories and brands are changing, and what new need states and occasions might be emerging. Also, keep tabs on how the economy is affecting specific consumer segments, as it will not have an equal impact across all segments.

Other ideas include:

- Optimize your brand portfolio to focus on the strongest brands in the most attractive categories.
- Carefully choose your item assortment, and cull low-performing SKUs.
- Remain committed to investment in innovation. Continuing to invest in innovation research, concept and prototype development, and commercialization is critical if companies want to be poised for fast growth post-recession.
- Build goodwill with consumers using optimistic messaging - they are eager for uplifting, positive, feel-good advertising and stories.
- Ramp up advertising - use this time to reach out to consumers via traditional advertising or social media

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