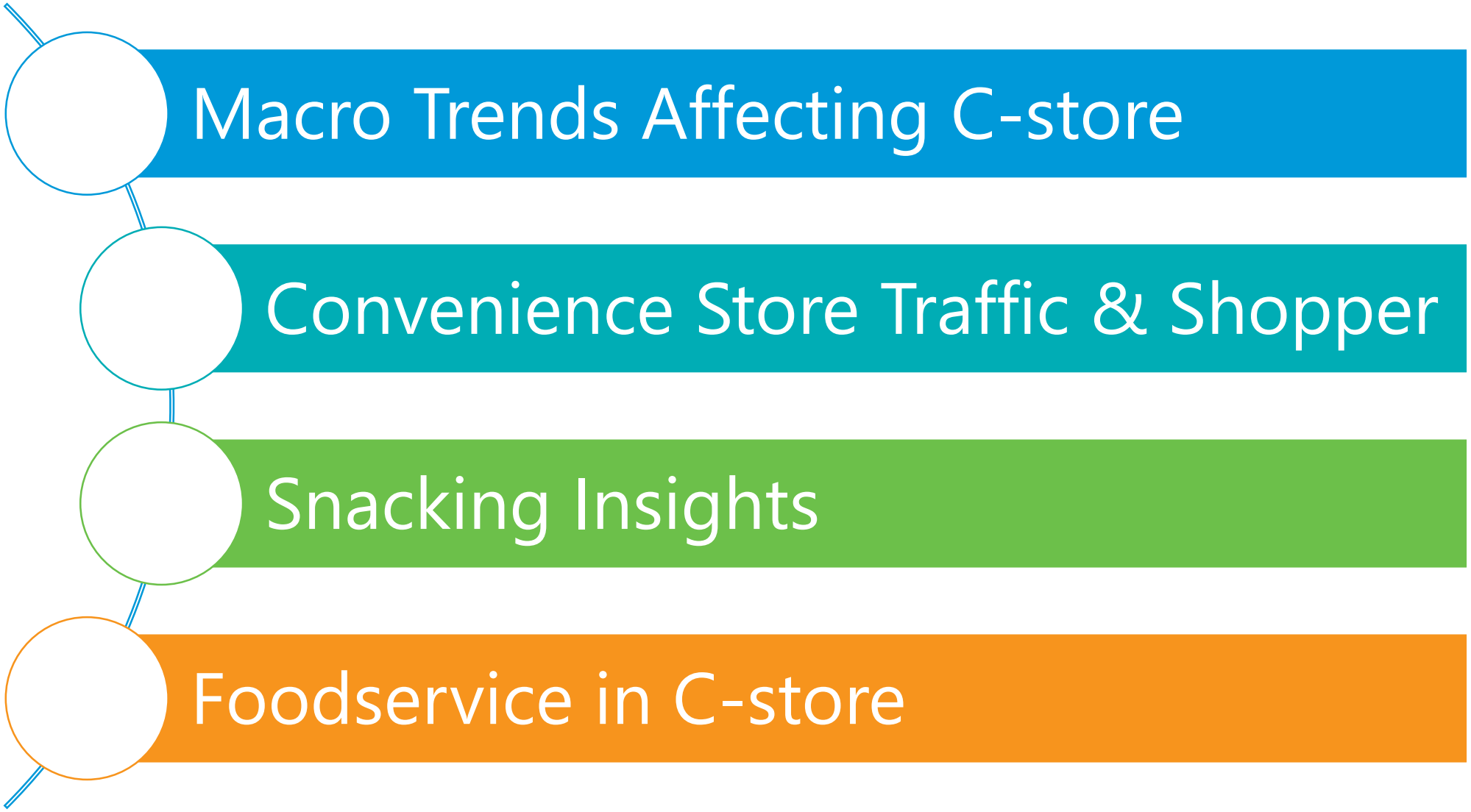
General Mills
Convenience
& Foodservice

Consumer Trends, Snacking & Foodservice

Stephen Griffiths
Consumer Insights, General Mills

Agenda

General Mills Convenience & Foodservice



General Mills plays in many categories

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SALTY

SNACK BARS

SWEET

PGD BAKERY

Foodservice

CEREAL

FROZEN

GROCERY

YOGURT

How Insights Drive Growth

General Mills Convenience & Foodservice

GCI Global Consumer Insights

Three ways to grow, fueled by Consumer Insights

How do I grow a brand via base business?

Base Business

- Renovation
- Pricing
- Advertising

How do I grow through new products?

Innovation

- White Space Exploration
- Ideation
- Product Testing

How do I grow through in-store excellence?

Shopper

- Category Management
- Shopper Profile
- Basket Analysis

Macro Trends Affecting C-stores

Convenience is Being Re-Defined

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Shift from convenient ***foods*** to convenient food ***preparation & delivery***

1980's 2000's Future

From the 80's through the 2000's we witnessed the convenience revolution: **convenience foods** offered time saving meal solutions

Consumers, who now desire natural foods, are shifting from convenient food **to convenient preparation** and **procurement**

Source: NPD Group, David Portalatin, 2018 New Year New Realities

Eating "in" Will Only Increase

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Change Drivers

The number of dinners per capita at a restaurant is at its lowest level since 1986*

7-Eleven Meals

- Meatloaf
- Lasagna
- Spaghetti
- Chicken Parmesan

Source: NPD Group, David Portalatin, 2018 New Year New Realities. Dinner Deep Dive, 2018 by NPD Group.

Online sales continue to grow…

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30% 2017 online grocery penetration.

Expected to rise to **70%+** by 2025.

$20 Billion
2017 food & alcohol sales online.

2% 2017 online share of food & alcohol sales.

Estimated to rise to **10-20%** by 2025.

80%
of U.S. HHs have the ability to order full baskets online today (either via delivery or click-and-collect).

Source; The Future of Ecommerce in FMCG, Kantar, 11/2017; The Digitally Engaged Food Shopper, Nielsen, 2/2018; GMI Analysis.

…and door-to-door delivery increases

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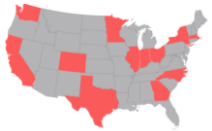
	2016	2017
DOORDASH 	17 U.S. Cities 6,200 Restaurants	650 U.S. Cities 54,000 Restaurants
POSTMATES	3,000 Restaurants	230 U.S. Cities 6,000 Restaurants
UBER eats	1,000 Restaurants	45 U.S. Cities 8,500 Restaurants

goPuff — Over 50 Markets in 5 Years

Source: Technomic

Remember small format channels

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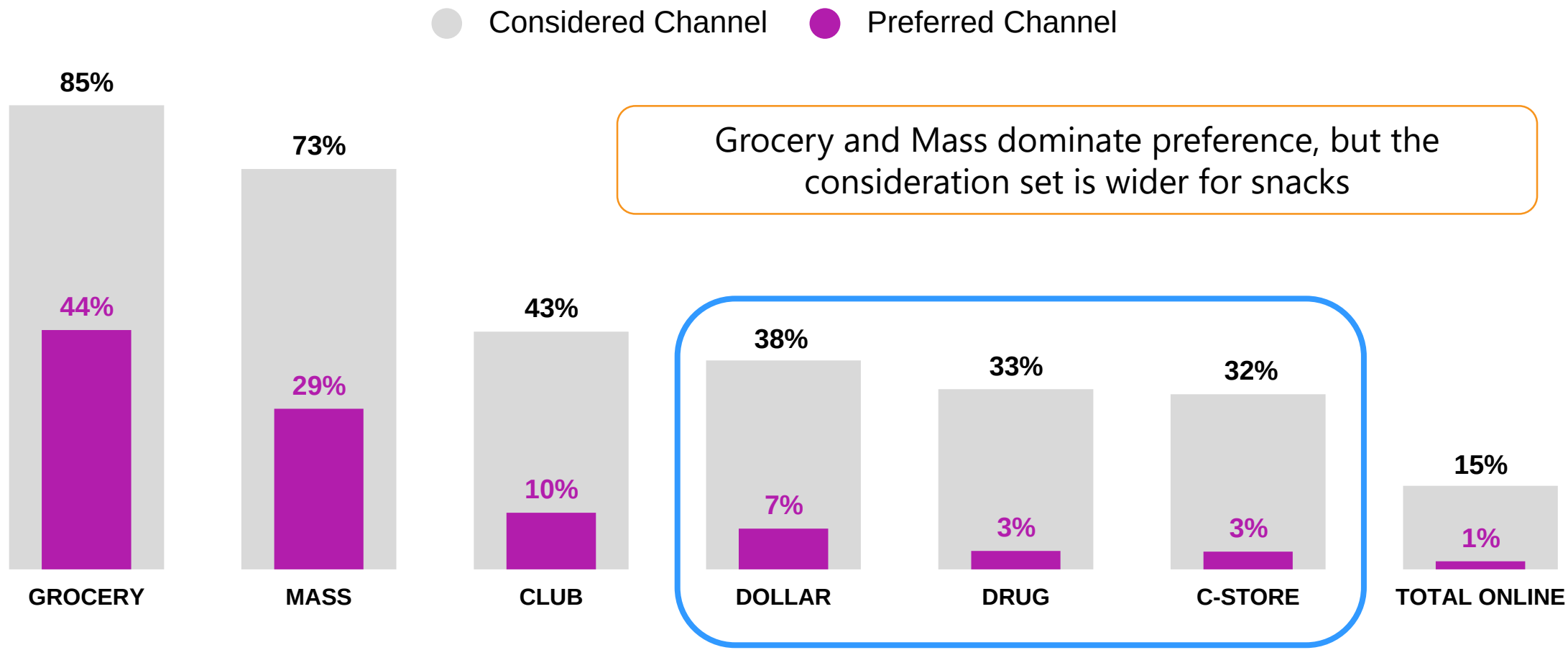
CHANNEL CONSIDERATION: SNACKS
(among total department trips)



Nielsen Category Shopping Fundamentals 2017 | CPG

Know your competition by category

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Hot Food Channels

- C-store/Gas Station
- Fast Casual
- QSR
- Coffee Shop
- Online Food Delivery
- All Other

Food / Bev Category	Preferred Hot Food Channel
Cold beverages	**C-store**
• C-store Buyers prefer c-store • Non C-store buyers prefer other outlets (grocery, mass, club etc.)	
Prepared hot foods	**QSR**
• All consumers prefer fast food restaurant for prepared hot food	
Prepared fresh foods	**Other, (Fast Casual)**
• All consumers prefer other outlets. Fast Casual is best hot food channel	
Packaged snack bars	**Other (C-store)**
• C-store wins vs. hot food channels, but other outlets are preferred	
Packaged salty snacks	**C-store AND Other**
• C-store Buyers equally prefer c-store AND other outlets • Non C-store buyers prefer other outlets	

Key **Other:** Traditional Retail Channels (Grocery etc.). **Parentheses ()** indicates top Hot Food Channel

Source: Nielsen Homescan Panel Segmentation Survey Dec 2017; Q10. Where do you buy each of the following? (Select all that apply for each) Q11. In what type of stores do you most prefer to buy the following? (Select one each)

What Convenience Stores Must Deliver

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One Stop Shop

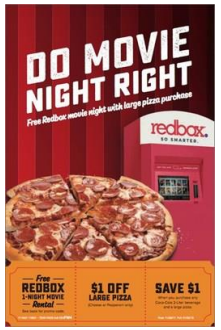
At-Home Meal Solutions

Beauty

More Fresh Offerings

"I want something fresh, that doesn't look like it's been sitting out all day."

Provide Experience



7 Eleven $7 Date Night

Large Pizza
Coca-Cola
Redbox Movie

Convenience Store Traffic and Shopper Insights

Top Reasons to visit a C-store

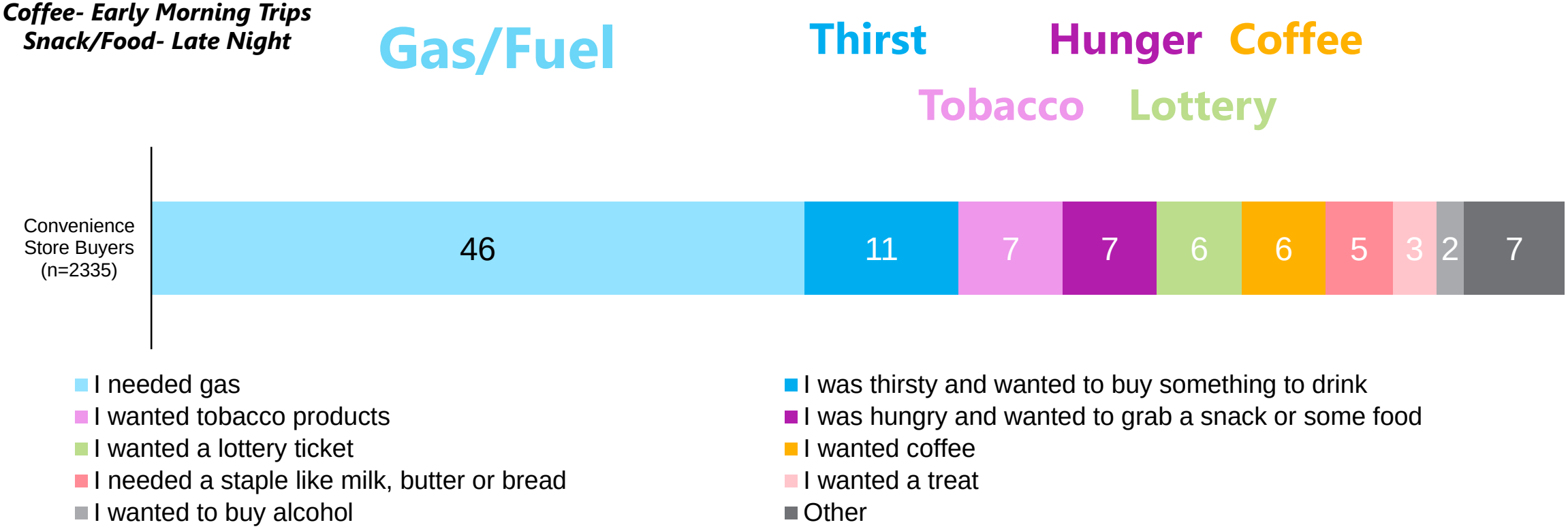
- Urgency (need gas, food, drink, tobacco NOW) is key driver for c-store
- Tobacco and lottery tickets are key drivers unique to c-store

Reason for last trip to Convenience store/ Gas station (%)

Motivations differ by day-part

Coffee- Early Morning Trips

Snack/Food- Late Night



- Source: Nielsen Homescan Panel Segmentation Survey; Q21. Thinking about the last time you went to a convenience store/gas station, what motivated you to go there? (Select one)
- Q26. Since we have asked the previous questions about your last trip, was this last trip a typical convenience store/gas station trip for you?

Why choose one c-store vs. another

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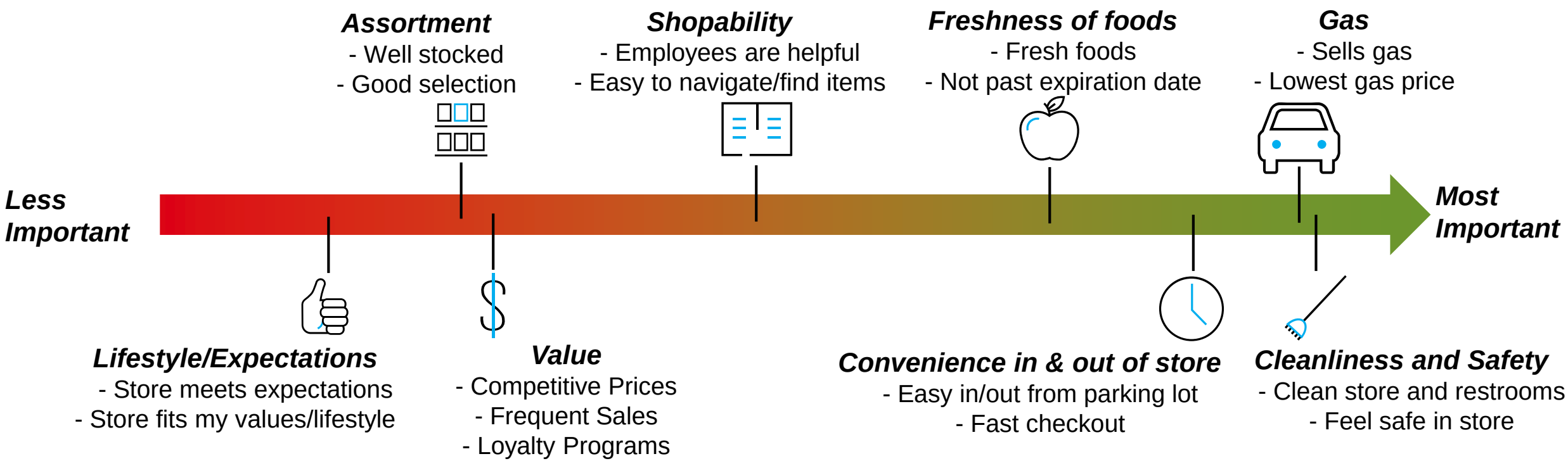
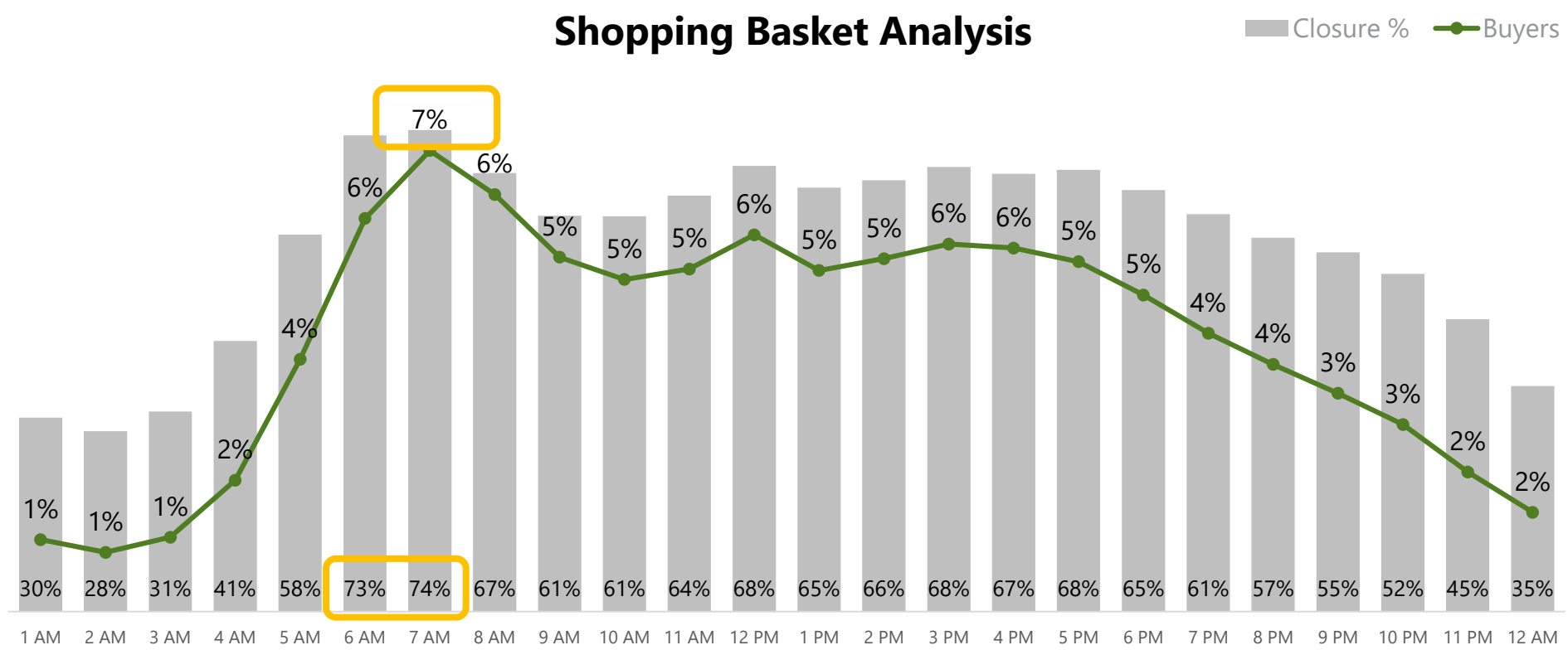
C-stores: Focus on top drivers, then choose what else can differentiate from other c-stores



Source: Nielsen Homescan Panel Segmentation Survey, "Core shoppers"
Q16. Below is a list of reasons why people might choose to shop at a convenience store/gas station. Please indicate how important each is to you in deciding to shop at a convenience store/gas station.

C-store sales & conversion by daypart

Traffic is spread throughout the day, though breakfast is highest store traffic with highest closure rates



Breakfast
19%
Buyer Share

Lunch
16%
Buyer Share

After Work
16%
Buyer Share

Videomining 2017, sourcing 2016 data

Destination categories improve traffic flow

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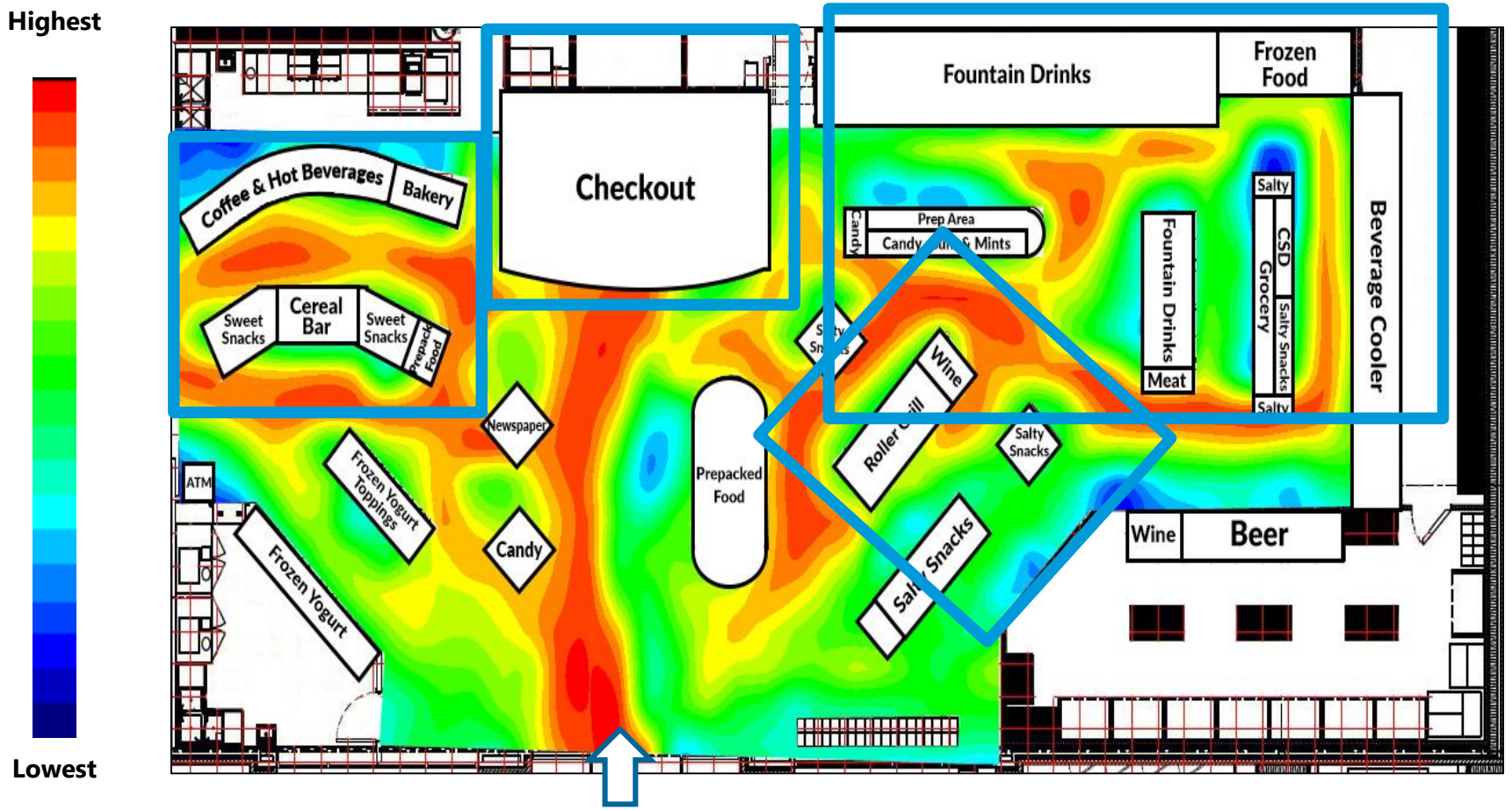

Avg. Store Basket: $7.65

Store Closure: 55%

Videomining 2018, sourcing 2016 data

Placement of checkout is important

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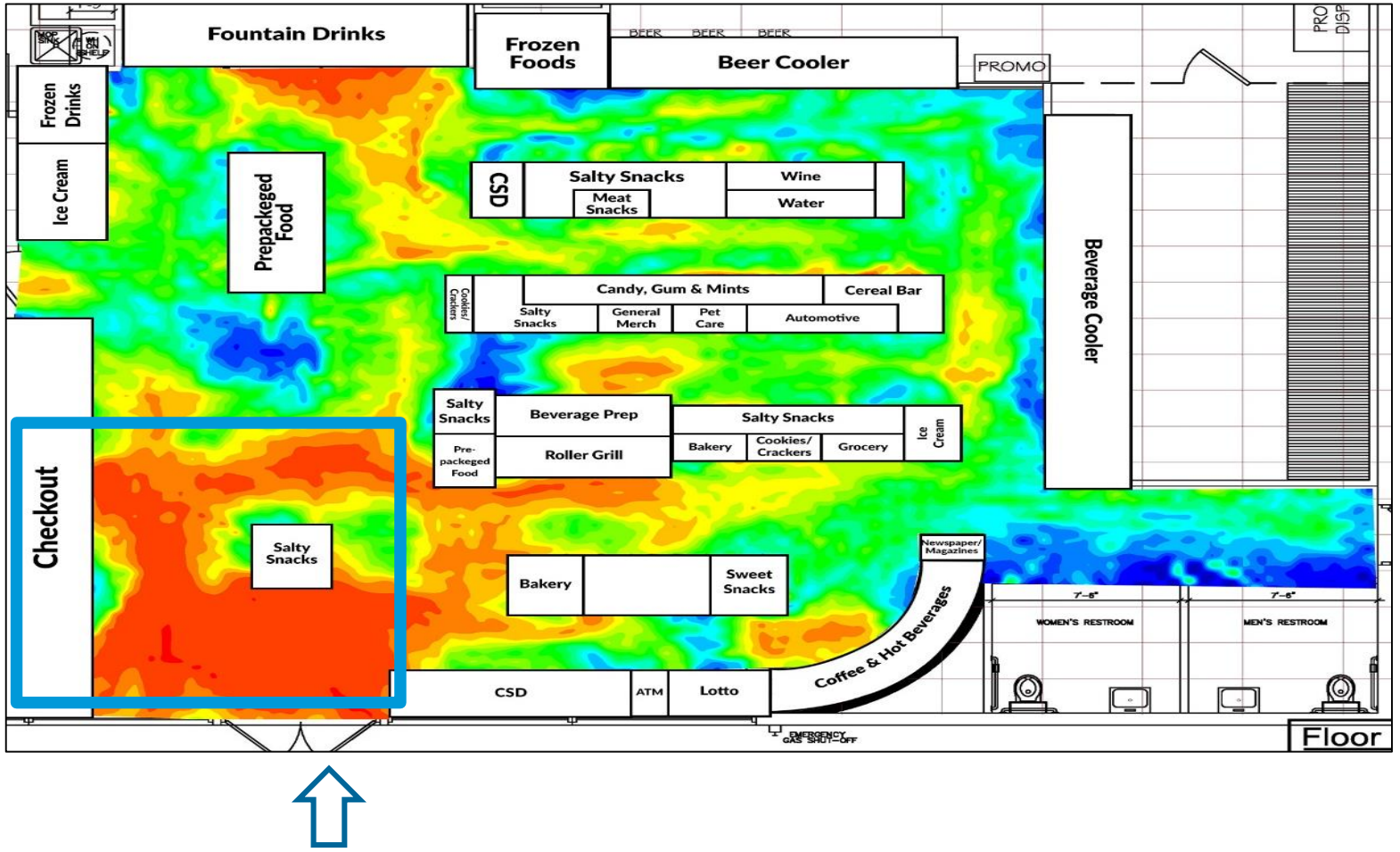
Highest

Lowest



Avg. Store Basket: $6.24

Store Closure: 62%

Videomining 2018, sourcing 2016 data

Consider dual door & category pairing

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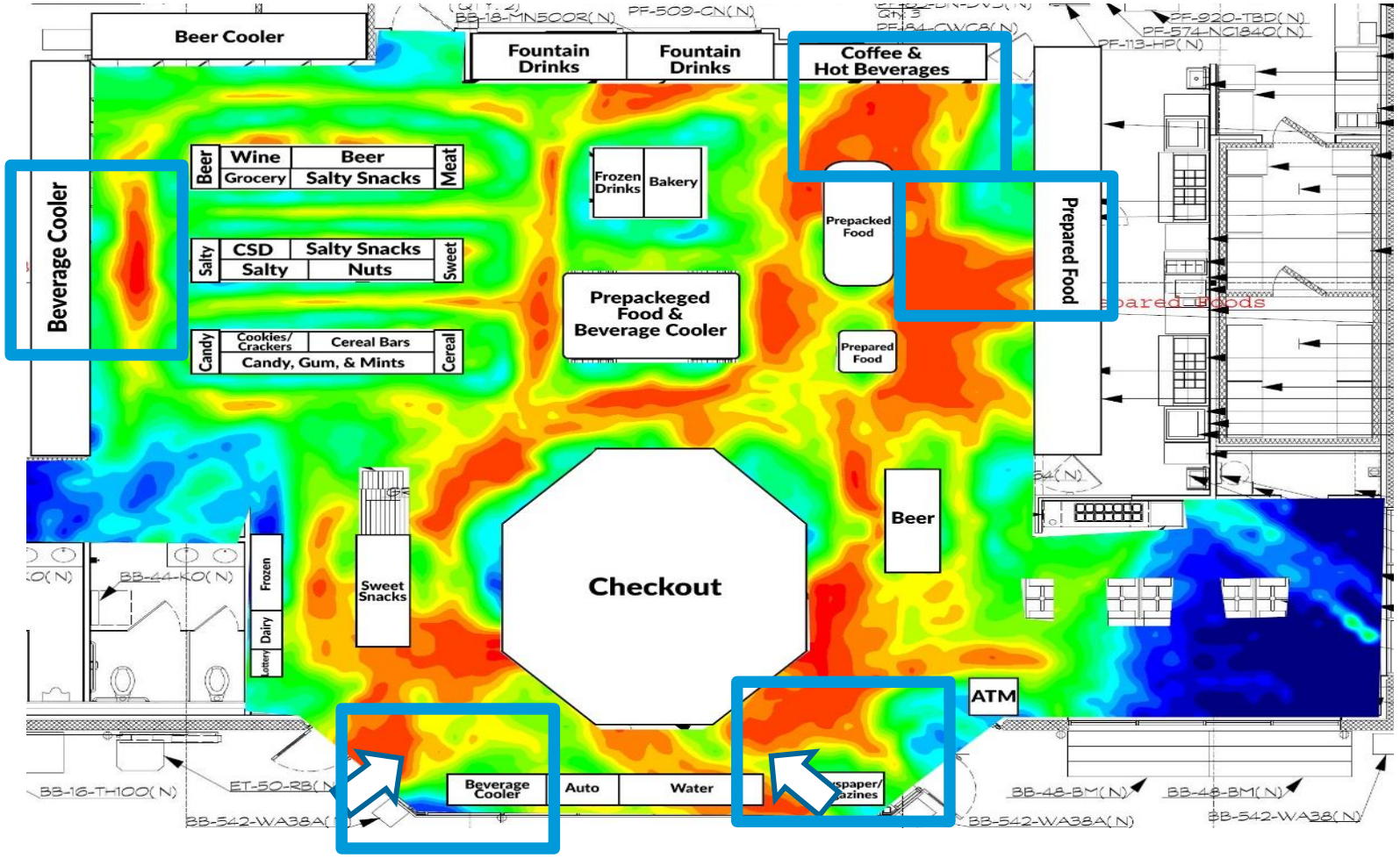
Highest

Lowest



Avg. Store Basket: $8.47

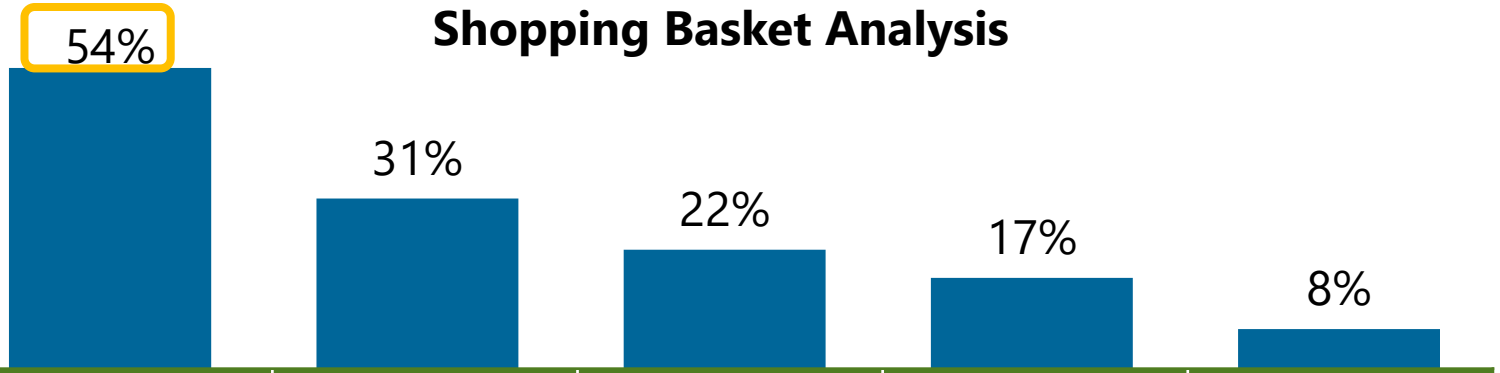
Store Closure: 74%

Videomining 2018, sourcing 2016 data

What items are purchased most?

Over half of all shoppers purchase a beverage product during their trip

Baskets with snacks have the highest spend on other product categories



	Beverages	Tobacco	Snacks	Foodservice	Alcohol
Avg. Dept. Units	1.5	1.4	1.6	1.5	1.4
Avg. Dept. Basket	$2.64	$8.96	$2.86	$3.52	$8.30
Avg. Store Basket	$6.35	$11.44	$7.51	$7.93	$11.74
Spend on Other Store Products	$3.71	$2.48	$4.66	$4.41	$3.44

Source: 2018 Videomining

Six Core Shopper Segments

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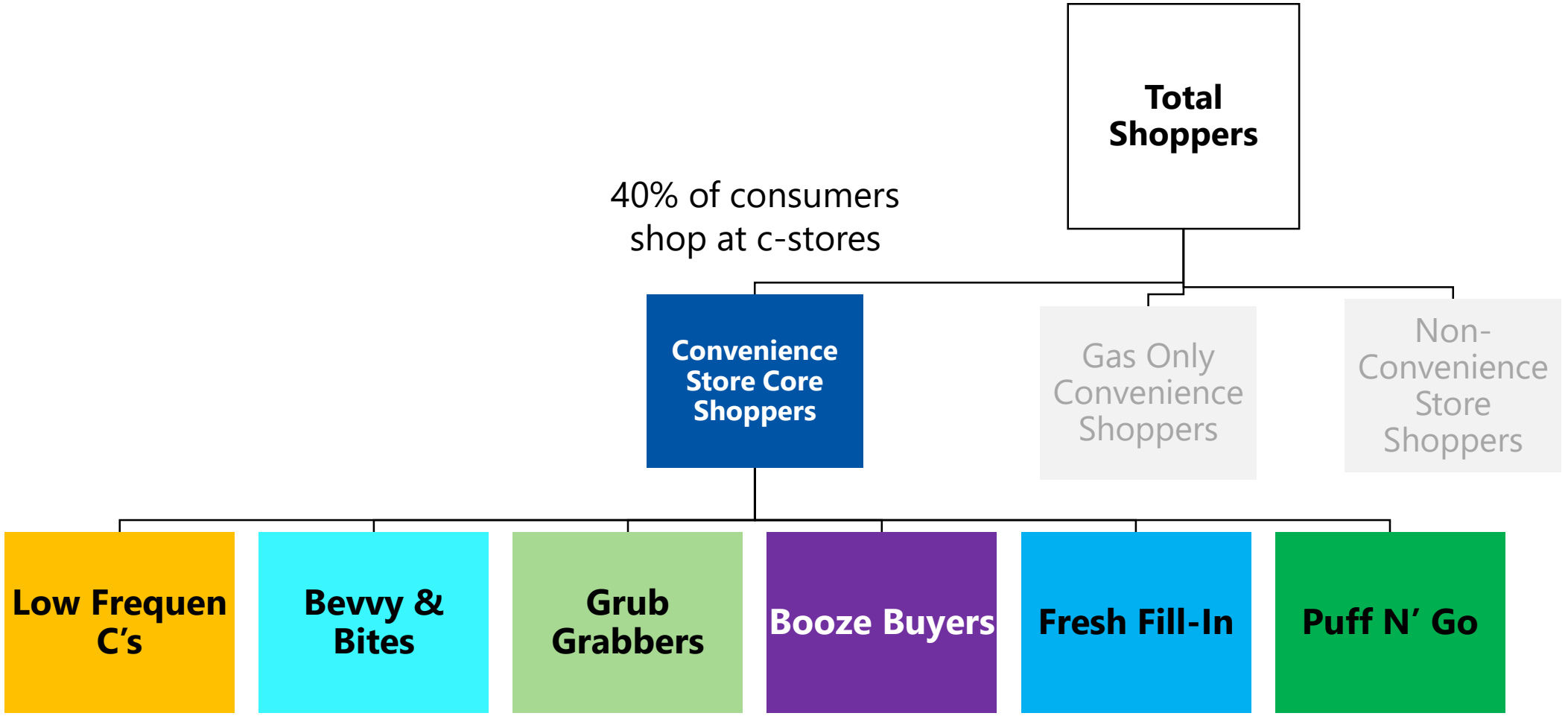

SOURCE: Nielsen Homescan Panel 2017

Snacking

Reasons for snacking differ through the day

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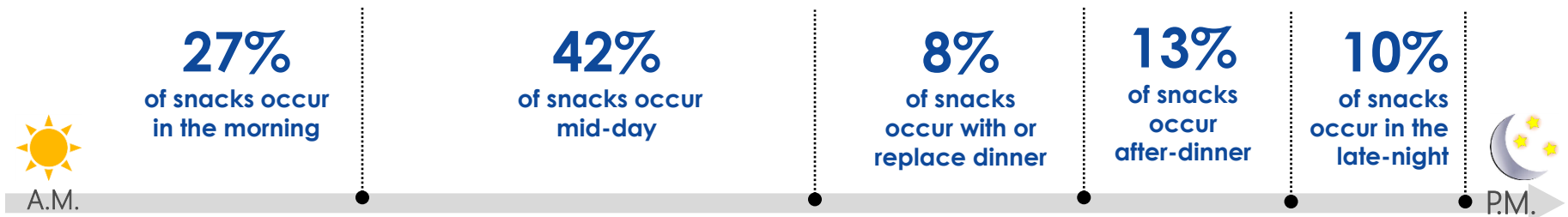
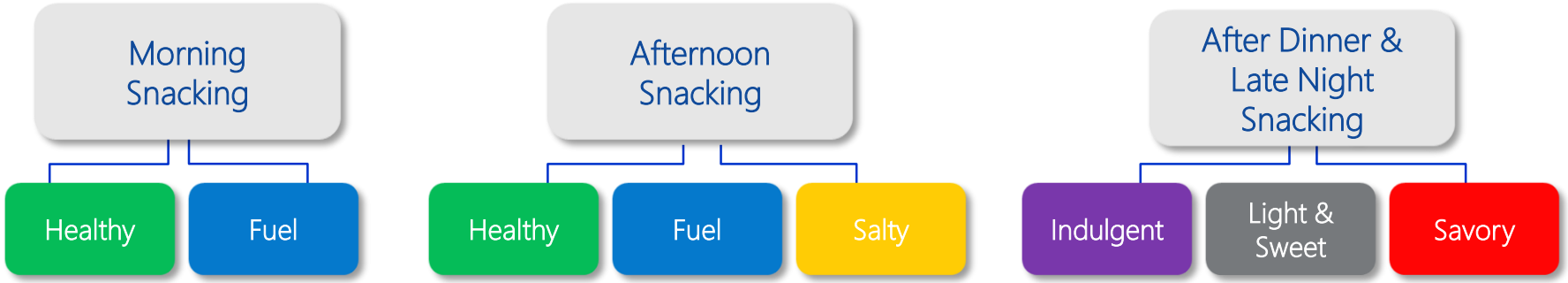




Health & Productivity

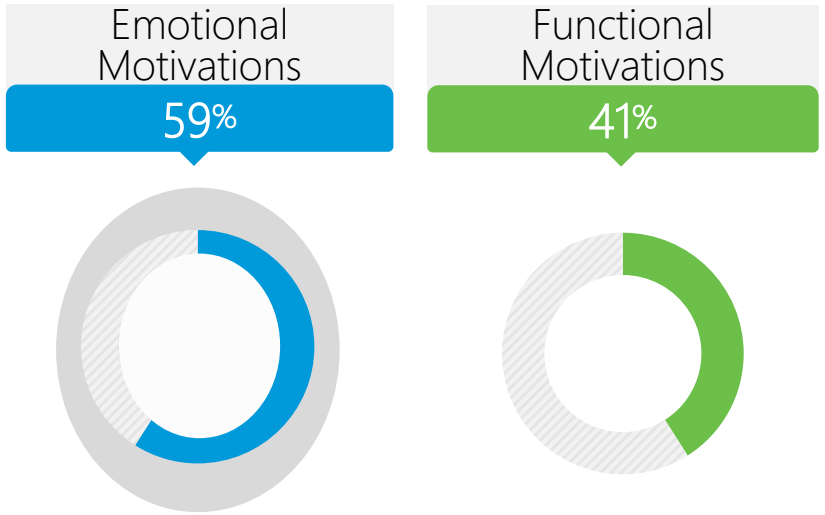
Convenience (Reaching Day's End)

Craving, Relaxation, & Connection

Takeaway:
Offer a variety of snacks throughout the day in order to satisfy different needs.

Snacking is Driven by Taste & Emotion

What is the Main Motivation for Snacking? (% of Occasions)



Proprietary to General Mills Consumer Insights: June 2016
Source: General Mills Proprietary Milly database, 2017

Time of day for c-store snacks

	12-3am	3-6am	6-9am	9-Noon	Noon-3pm	3-6pm	6-9pm	9-12am
RTE Cereal								
Yogurt								
Treat bars								
Cookie/Wafer								

Key: **150+ Index**, **120-149 Index**, **119-81 index**, **80-50 Index**, **<50 Index**

Source: C-store Loyalty card data from a leading US Retailer, ending 1.13.2018

Sweet & Indulgent Snacks are Afternoon Treats

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	12-3am	3-6am	6-9am	9-Noon	Noon-3pm	3-6pm	6-9pm	9-12am
Salty								
Fruit Snacks								

Key: **150+ Index**, **120-149 Index**, **119-81 index**, **80-50 Index**, **<50 Index**

Source: C-store Loyalty card data from a leading US Retailer, ending 1.13.2018

Other Snacks are Late-Night Items

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	12-3am	3-6am	6-9am	9-Noon	Noon-3pm	3-6pm	6-9pm	9pm-12am
Frz Hot Sncks								
RTE Cereal								

Key: **150+ Index**, **120-149 Index**, **119-81 index**, **80-50 Index**, **<50 Index**

Source: C-store Loyalty card data from a leading US Retailer, ending 1.13.2018

Foodservice

Consumer Perspective on Foodservice

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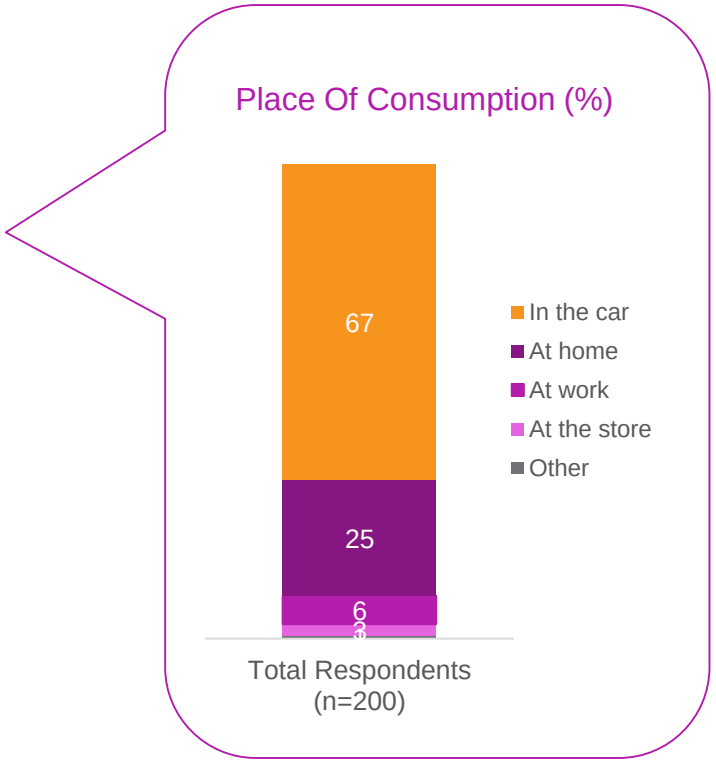
Most prepared food is sold in hot case, bakery case and roller grill

Hot Food Consumer

2/3 of consumers eat prepared food in the car



SmartShopper Mission Survey: Q2. Which of the following types of **freshly prepared food** are you buying on this trip? Please select all that apply. Mobile missions for hot food shoppers, taken during their shopping trip, December 2018.

SmartShopper Mission Survey: Q8. Where will you consume the **freshly prepared food**? Please select one.

Most c-stores offer 1-3 varieties of each food

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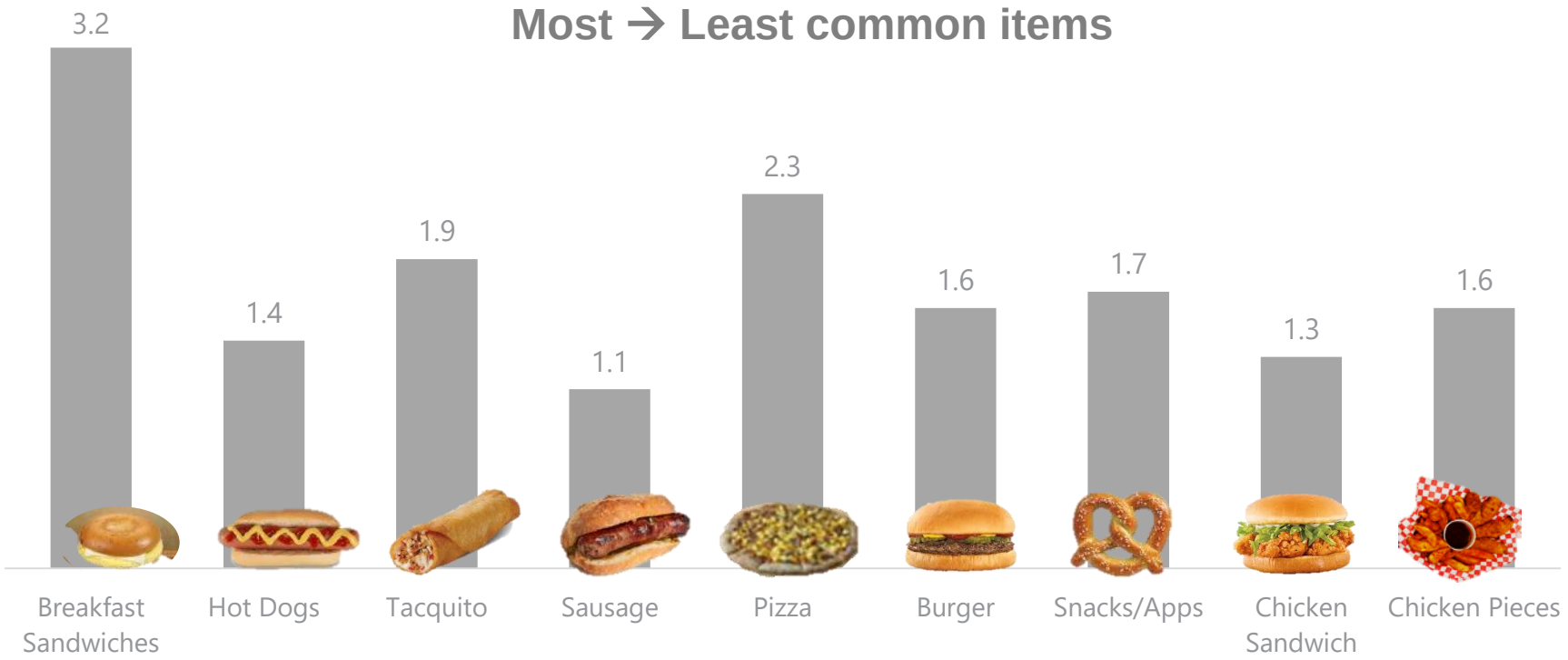
Prepared Food Assortments are wide not deep



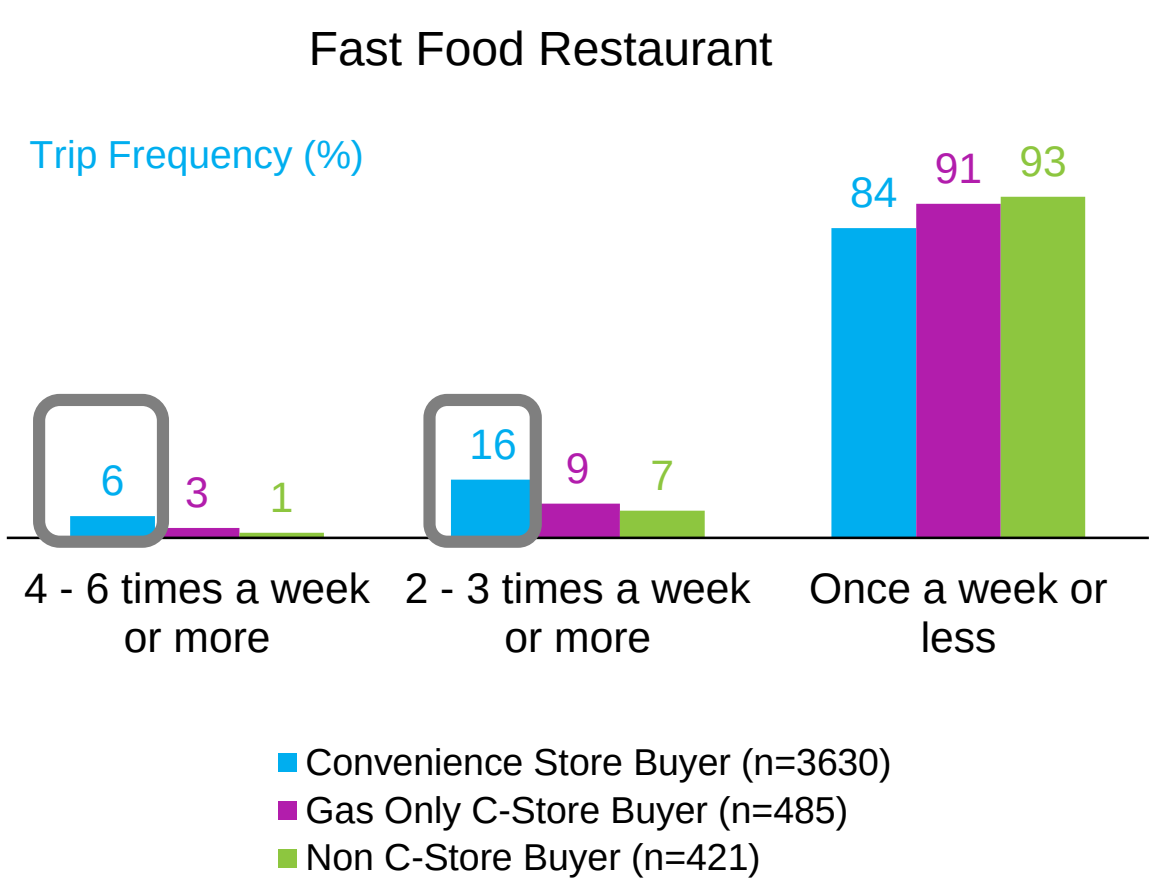
•C-Stores try to appeal to as many people as possible with wide assortment, but believe that going deep in a certain category is most likely not worth it

Source: Seurat Group Audits 2017

Adjust assortment given QSR Context

Since c-store shoppers are more likely to visit nearby QSR , ensure your pricing and assortment is competitive

Many c-store near a Chick-Fil-A offer chicken sandwiches just on sundays (when Chick-Fil-A is closed)



Be aware of promotions, pricing, assortment nearby (from c-store, small format stores and QSR) and adjust accordingly

C-store consumers are also visit Fast Casual restaurants a little more frequently

- Source: Nielsen Homescan Panel Segmentation Survey December 2017

Breakfast & Lunch Are Largest

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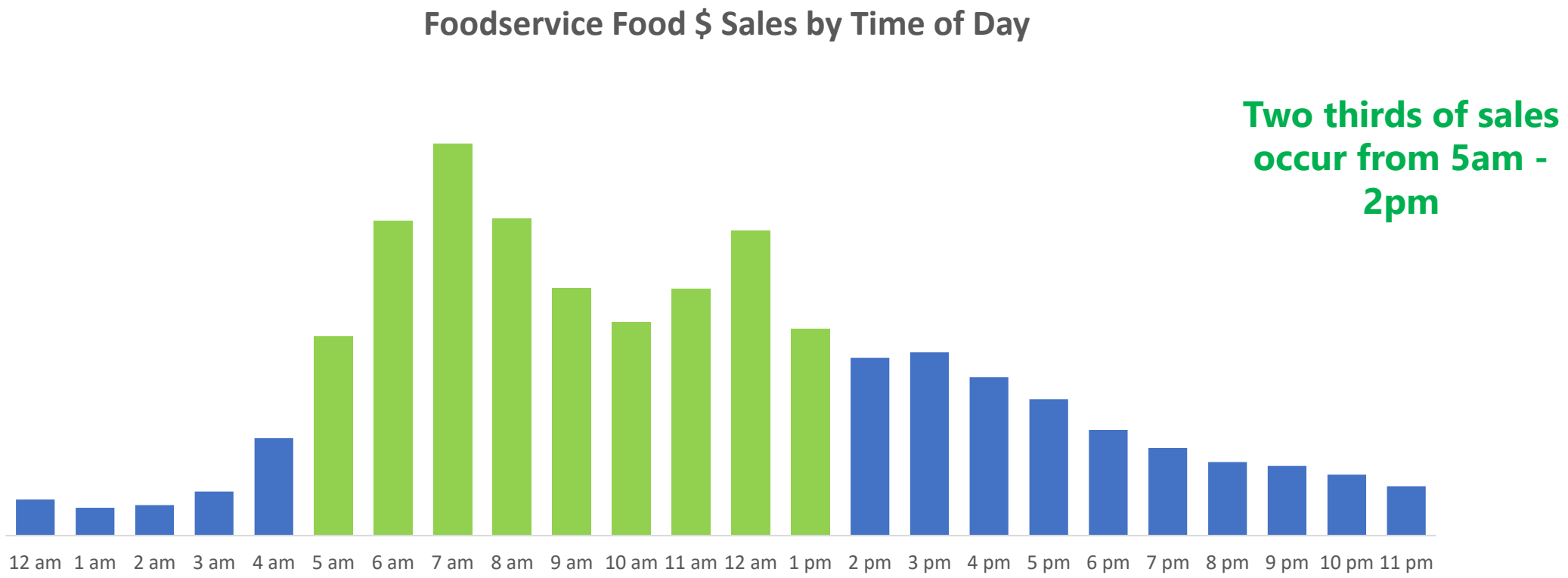

Source: C-store Shopper Loyalty Card information from leading US Retailer, 52 weeks ending January 2018

Hot Food: Freshness, Assortment & Price

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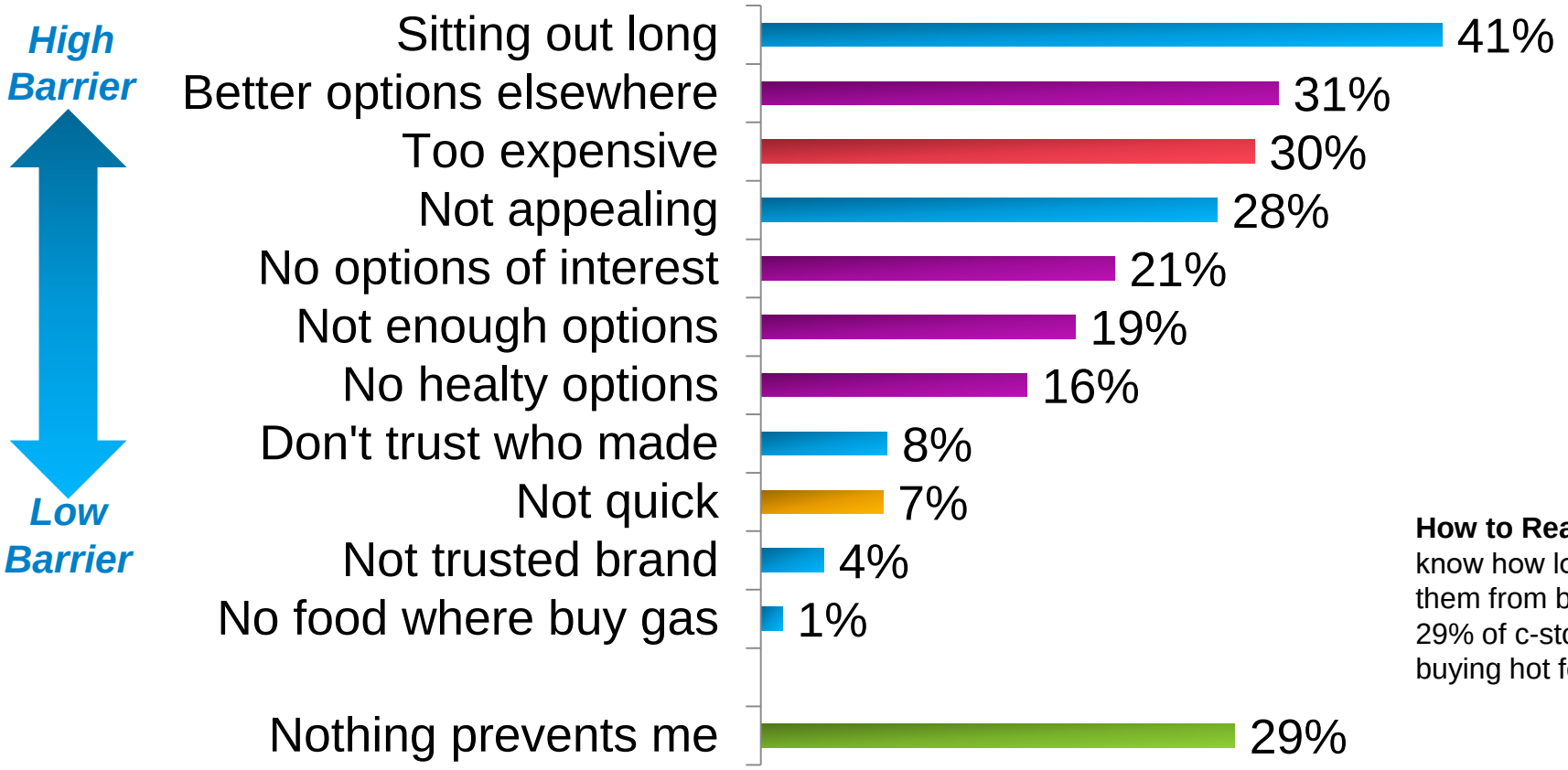
Hot Foods need to communicate fresh

Hot Food Barriers in C-Store: Total Core Shoppers



How to Read: 41% of all c-store shoppers stated "Don't know how long food has been sitting out" as preventing them from buying hot foods at c-stores.
29% of c-store shoppers said nothing prevents from buying hot foods at c-stores

Source: Survey- "What if anything, prevents from buying Hot Food at C-Store"

Foodservice Mindset: Key Differentiator

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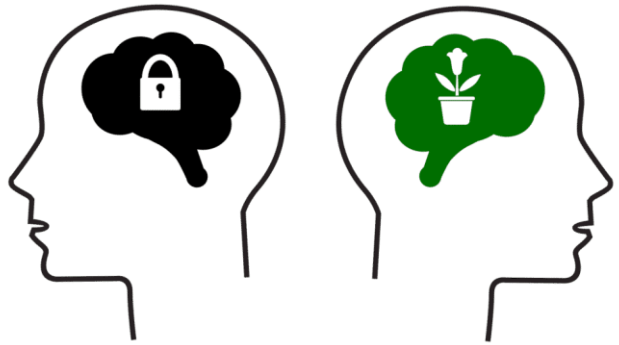
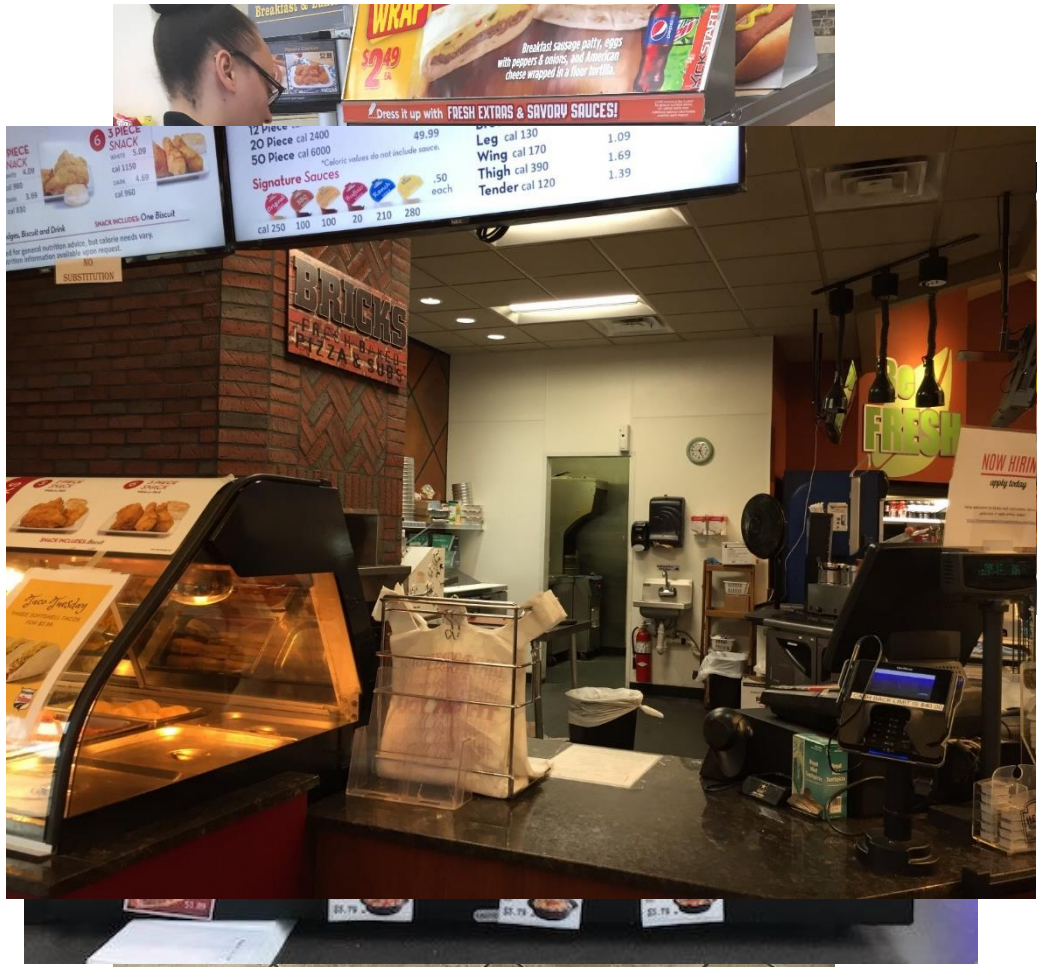
The #1 Indicator of Success is Having a Foodservice Mindset





- **Having clean bathrooms and store.**
- **Willing to invest in infrastructure and equipment**
- **Providing a menu of offerings**
- **Being comfortable with higher waste**
- **Dedicating labor to make it happen**

Foodservice mindset needed at store level, not just corporate level.

Q&A

General Mills Convenience & Foodservice

Stephen Griffiths

Consumer Insights

Consumer Trends

Foodservice

Snack Bars

Total C-store