Innovation Abounds

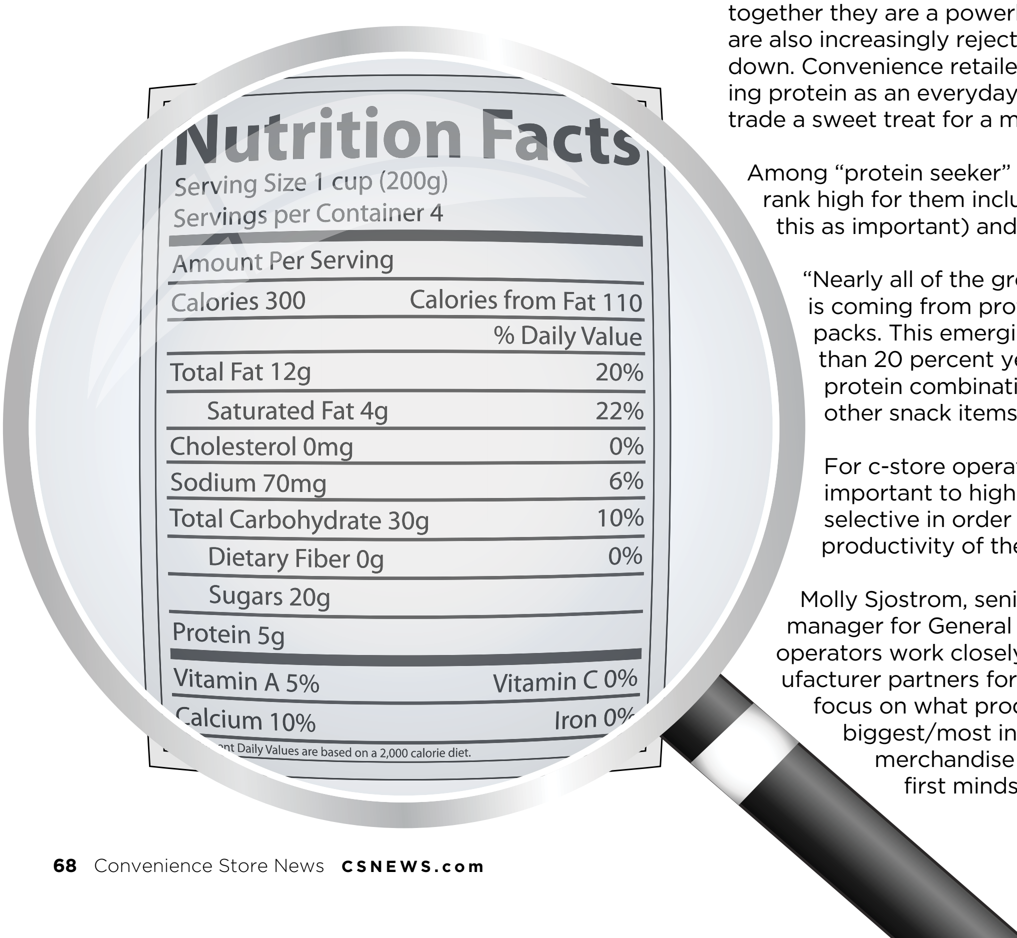
C-store operators must cater to changing preferences, while still satisfying traditionalists' needs

By Danielle Romano

INNOVATION IN THE SNACKS CATEGORIES is exploding. Shifting consumer demographics, increased fluidity around what is eaten and when, and shopper demand for high-quality items that also taste great are driving the introduction of scores of new products touting clean label, plant based, high protein, low sugar, functional ingredients and fresh takes on old classics.

"The trends that play here are trust in traditional wisdom, movement from treatment to prevention, and more functional fuel," noted Stefanie Nolby, manager of global consumer insights at General Mills. "This is really around expanded knowledge, the ability to pinpoint specific maladies, and the ensuing demand creates opportunity for curated and customized reactive solutions. Consumers manage their health via the food they eat."

With consumers snacking all day long, they are seeking products that fulfill both functional and emotional needs — particularly, products that feature unique textures, serve as a meal replacement, satisfy an indulgence, and blur the snack and candy "snackfection" line.



Two key emerging demographics shopping the snacks category in convenience stores are influencing change and shifting the purchase mix: millennials and women, according to Michael Caporusso, director of category management at Core-Mark Holding Co., a convenience channel distributor.

Millennials and women are looking for snacks with authentic, global-oriented flavors that are conveniently available for their busy lifestyles, but they also want products that have clean ingredients and are locally sourced. Additionally, they are looking for products that emphasize specific health callouts, like high protein or gluten free.

Adopting a Consumer-First Mindset

As snacking innovation continues, the average c-store basket — typically thought of as a traditional salty snack, a sweet treat and a packaged beverage — is going through a metamorphosis. Instead, today's c-store basket is filled with a mix of proven sellers alongside products capitalizing on consumer demand for better-for-you and new options like resealable packaging and small boxed combos.

"The average basket is gravitating toward healthier products," said Scott Hill, vice president of sales, convenience channel, for meat snacks innovator Jack Link's. "Today's two biggest food trends are snacking and protein, and together they are a powerhouse combination. Consumers are also increasingly rejecting sugar, which is why candy is down. Convenience retailers will find success by positioning protein as an everyday snack and helping consumers trade a sweet treat for a meat treat."

Among "protein seeker" consumers, the attributes that rank high for them include portability (73 percent cite this as important) and satiety (41 percent), noted Hill.

"Nearly all of the growth in refrigerated snacking is coming from protein combinations and snack packs. This emerging subcategory is seeing more than 20 percent year-over-year growth from these protein combinations of meat, cheese, nuts and other snack items," he added.

For c-store operators to be successful, it's important to highlight innovation, while remaining selective in order to protect the integrity and productivity of their in-store sets.

Molly Sjostrom, senior category development manager for General Mills Convenience, suggests operators work closely with their distributor and manufacturer partners for guidance. Discussions should focus on what products are expected to be the biggest/most incremental launches and how to merchandise these items with a consumer-first mindset.

PROTEIN **GO-TEAM**

Meat snacks fuel sales from health-conscious consumers across all walks of life

1 PROTEIN **IS HOT**

IMPORTANCE OF PROTEIN IN CHOOSING A SNACK

58% Very Important

32% Important

Source: Jack Links, "Protein for Performance," May 2018

2 CUSTOMER BASE **IS EXPANDING**

SNACKERS WHO CONSIDER PROTEIN IMPORTANT ARE LIKELY TO…

- **Be younger**
- **Have kids at home**
- **Heavily participate in sports**
- **Be frequent snackers**
- **Be high protein consumers**
- **Work out regularly**

Source: Jack Links, "Protein for Performance," May 2018

3 JERKY **IS A PROTEIN POWERHOUSE**

SNACKS PERCEIVED TO HAVE **HIGH PROTEIN CONTENTS**

Protein shake smoothie	82%
Protein bars	79%
Meat snacks	69%
Nuts	62%
Greek Yogurt	39%

Source: Jack Links, "Protein for Performance," May 2018

4 FULL-PROFILE **FLAVOR**

TOP REASONS CONSUMERS **BUY BEEF JERKY**

1 Great **taste**

2 Made with **100% beef**

3 Excellent **protein**

4 All natural/ **no additives**

Source: Jack Links, "Protein for Performance," May 2018

5 JERKY **BEATS THE COMPETITION**

Jack Links Original Beef Jerky (serving 28 g)

protein	calories	fat	carbs	sugar
11g	80	1g	6g	6g

Leading Granola Bar Brand (serving 42g/2 bars)

protein	calories	fat	carbs	sugar
4g	190	6g	29g	12g

Source: Statista.com, "Leading Vendors of Granola Bars in the United States in 2017"

Almonds (28g, about 23 nuts)

protein	calories	fat	carbs	sugar
6g	160	14g	6g	1g

Source: California Almond Board

NO-GO **FOR YOGURT**

Greek yogurt is also high in protein **but with 2.5 times the sugar (15g).**

Source: Leading brand single-serve berry-flavored Greek yogurt

6 THE JERKY CATEGORY **HAS TAKEN OFF**

The North America meat snacks market **is expected to record a CAGR of 7.2% between 2018 and 2023.**

Source: Mordor Intelligence

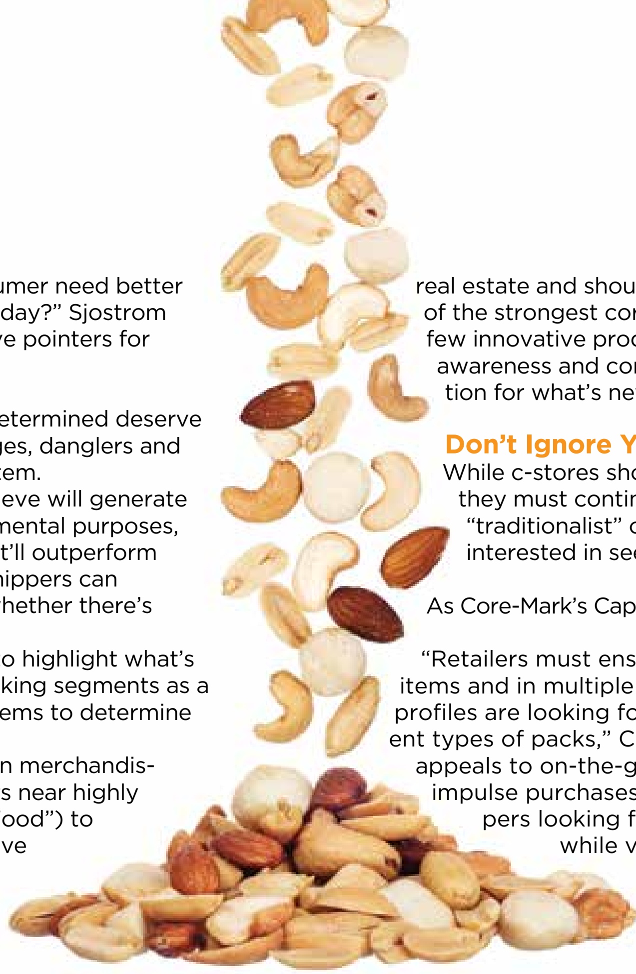
Jerky business climbed to more **$1 billion in sales in 2017** and is expected **to grow an annualized 4.2 percent through 2022.**

Source: Project NOSH

TAKE **ADVANTAGE NOW**

The right merchandising mix should include a variety of flavors, sizes, displays and promotions based on customer preference data. Contact Jack Link's to build your jerky business today! **www.jacklinks.com**

PROTEIN SNACKS JACK LINK'S



"Will this product fulfill a consumer need better than something on the shelf today?" Sjostrom posed, adding the following five pointers for c-store retailers to follow:

1. For innovations they have determined deserve shelf space, on-shelf messages, danglers and clings can call out the new item.
2. For innovations retailers believe will generate news, excitement and incremental purposes, but they are not convinced it'll outperform what is currently on-shelf, shippers can be a great way to test out whether there's strong interest.
3. Allocate space on endcaps to highlight what's new across a variety of snacking segments as a way to test out innovative items to determine what warrants shelf space.
4. Operators can get creative in merchandising with baskets and hangers near highly shopped areas (i.e., "Fresh Food") to showcase new items and drive impulse purchases.
5. While queue or checkout lane displays are critical real estate and should be used to drive purchases of the strongest core brands, reserving space for a few innovative products can be effective in driving awareness and communicating you're a destination for what's new.

Don't Ignore Your Core

While c-stores should embrace snack innovation, they must continue to address the needs of "traditionalist" consumers: those simply not interested in seeking out new options.

As Core-Mark's Caporusso puts it: "Core is still king."

"Retailers must ensure they are carrying top items and in multiple pack sizes. Different shopper profiles are looking for the same top items in different types of packs," Caporusso said. "Single-serve appeals to on-the-go, busy shoppers making impulse purchases; multi-serve appeals to shoppers looking for a portable snack at a value; while value consumers are seeking to trade up pack size, building bigger baskets at perceived better value." CSN