

Better-For-You Snacks: The New Snacking Reality

Exciting discoveries about generational snacking trends led by Millennials, which show a shift in the public mindset toward better-for-you snacking.

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Research Presented By:
Amplify Snack Brands and The Center for Generational Kinetics



THE CENTER FOR
GENERATIONAL KINETICS®

First Words

“For decades, snacking meant choosing taste over health as nutritional packaged snacks were rare and ones that tasted appealing were even more rare. But that has changed in recent years as consumer demand for more snacking options has grown and Millennials have led the charge to take healthy snacking mainstream.

Now, better-for-you packaged snacks are here—and here to stay - because they provide the perfect intersection of taste, nutrition, and convenience. This is the perfect time for retailers to capitalize on this trend by offering the better-for-you snacking selection that consumers have come to expect.”

-Amplify Snack Brands and
The Center for Generational Kinetics



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Welcome from the Authors

April 2017

Welcome to the 2017 study on **better-for-you snacks as the new snacking reality**.

We are pleased to share our exciting findings with you.

Millennial consumers are a tremendously influential segment of the better-for-you snack buying market with spending power that will only accelerate in the next five years. They are also laying the groundwork for what we will see with the next generation... their children. To find success in the snacking industry and successfully receive the trust and interest of these shoppers, it is critical for manufacturers and retailers of better-for-you snacks to understand Millennials' values and behaviors.

This national study was designed to uncover research-based insights into better-for-you snacking trends and how to engage Millennials by understanding their perceptions, motivations, and behaviors when it comes to snacking. For the purpose of this study, a better-for-you packaged snack is defined as one that is healthier than other packaged snacks because of natural, simple, recognizable, or whole food ingredients.

Amplify Snack Brands and The Center for Generational Kinetics are pleased to partner on this groundbreaking national research. To schedule a media interview about the study and its findings, please contact shaina@reach-pr.com.

Best regards,

Amplify Snack Brands

The Center for Generational Kinetics

Healthy Snacking Has Become Mainstream



Millennials take healthy snacking mainstream

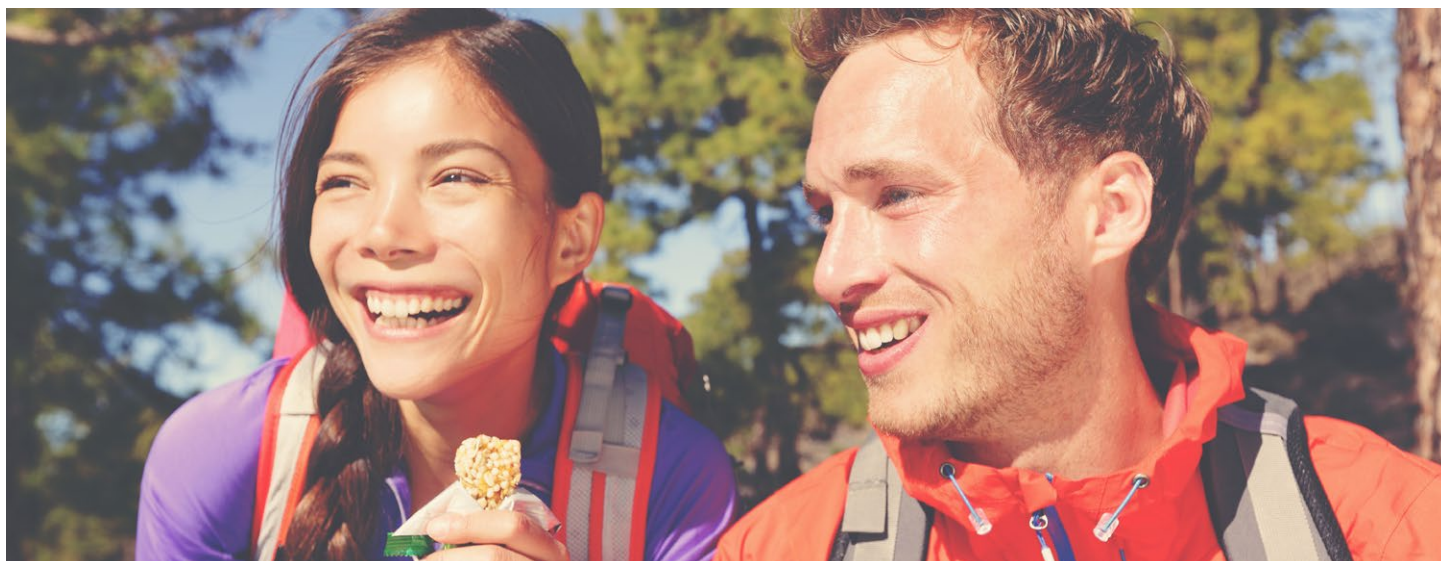
When it comes to buying better-for-you snacks, consumers have a wide variety of considerations that need to be narrowed and prioritized, including taste, ingredients, quality, cost, availability, and sourcing. Despite these decision-making hurdles, snacking consumption continues to be more popular than ever and the better-for-you snacking category is gaining tremendous momentum.

While consumers of every age are enjoying better-for-you packaged snacks multiple times each week, Millennials have led the way in launching better-for-you snacks from a niche to mainstream market. According to the national study, Millennials eat better-for-you snacks more often throughout the week than any other group. In fact, **55% of Millennials ate at least three better-for-you snacks in the past week alone, and 89% of Millennials are eating better-for-you snacks at least once a week.** Millennials are the drivers behind the better-for-you snacking trend, defining both how we snack as a population as well as our expectations of the category.

Along with this impressive consumption, the expanded accessibility of better-for-you snacks is proof of the category's growth. **In fact, the majority (77%) of better-for-you snacks are being purchased at traditional or natural grocery stores along with an additional seven million Millennials buying better-for-you snacks at convenience stores.**

Millennials' frequency of consumption, along with the vast availability of better-for-you products that Millennials have come to expect, is setting the stage for the next generation of better-for-you snack consumers and challenging manufacturers and retailers to meet new standards to be successful.

Bottom line: Millennials like better-for-you snacks and eat a great many of them. They also expect to find them in a variety of places from traditional grocery stores to convenience stores. Retailers have an opportunity to meet this consumer demand at a time when it is rapidly growing and moving from niche to mainstream.



Millennials are Leading the Better-For-You Snacking Charge



Millennials won't sacrifice taste

It used to be that the accepted standard in the better-for-you snack category was seen as a tradeoff of choices. Flavor was sacrificed for nutrition and enjoyment for convenience. For Millennials, that paradigm is no longer acceptable. This generation expects healthy foods to taste good!

According to the national study, **89% of Millennials select taste as their highest priority in choosing a snack.** Furthermore, **78% of Millennials describe better-for-you snacks as tasting the same or better than traditional packaged snacks.**

Better-for-you snacks are now being held up to conventional snack standards for taste and they are holding their own. This demonstrates how far the industry has come and shows that better-for-you snack companies must meet the taste criteria in order to remain competitive in the snacking space. It also shows that retailers can offer a better-for-you snack selection that competes with traditional packaged snacks on taste.

Along with taste, additional priorities are highly considered by Millennials when purchasing snacks. These include that the snack satisfies hunger (75%), features a quality ingredient list (67%), is healthier (63%), and easy to eat when on the go (54%).

Bottom line: For Millennial consumers, taste is by far the most important factor in choosing a snack. They will no longer accept a tradeoff between taste and nutrition because Millennials expect better-for-you snacks to taste as good or better than other traditional snacks.



Millennials want fewer and healthier ingredients

Millennials, compared to other generations, have a unique preference for ingredients when it comes to choosing a better-for-you snack as an appealing, healthy option. The national study uncovered these differences in a variety of ingredient categories, including prevalence, perspective, type, and quality.

As an example, **64% of Millennials, more than any other generation, believe that fewer ingredients mean a snack is healthier or better-for-you.**

It's interesting to note that Baby Boomers are significantly less interested in being able to recognize the ingredient list, which demonstrates a clear generational shift in this category of influence.

Additionally, along with fewer ingredients, Millennials are looking for ingredients that they can understand. In fact, **79% of Millennials said that understanding all the ingredients increases their level of trust in a packaged snack.** It is also important to note that there are certain ingredients Millennials absolutely feel should not be included in a snack in order for it to be considered better for you. **The national study found that trans fats, added sugar, and artificial sweeteners are considered the least tolerated better-for-you snack ingredients by Millennials.**

Millennials also highly value additional but specific labeling on snack packaging. **More than any generation, Millennials want to see organic, responsibly sourced, omega-3s, and environmentally friendly packaging promoted on a snack package in order to choose it over other packaged snacks.** Additionally, certain nutrition labels have far more appeal to Millennial consumers than other generations. **Chief among them are dietary-related labels including gluten free, allergen free, and vegan.**

Bottom line: Millennials believe that fewer and easy to understand ingredients are synonymous with healthier snack options. Millennials rank higher than every other generation in terms of seeking quality ingredients. It's also clear that when specific ingredients and labels are promoted, it communicates and fosters trust in both the brand and the quality of the product.



Brand trust and product claims are important to Millennials

In order to understand what establishes brand trust for better-for-you snacks, a list of snacking category characteristics was ranked by generation with astounding results.

The national study uncovered that Millennials rank higher than other generations in nearly all of the ‘trust building’ qualities measured. **Knowing ingredients are responsibly sourced (fair trade, socially responsible, etc.), if the snack was recommended by friends, coworkers, or online, and if the company has a local connection (involved in the local community) are the highest ranked Millennial attributes that build trust in a snack brand.**

Additionally, **knowing that the snack company is a good place to work, supports non-profits or charities, has a brand history they can appreciate, and a positive reputation on social media, were all ranked higher by Millennials as attributes that build their trust in an organization compared to their older counterparts.**

Of the eleven trust building categories measured in the national study, nine of them ranked highest amongst Millennials over any other generation. These striking results show a wide range of attributes that appeal uniquely to Millennials and tap directly into their view of brand trust.

Bottom line: For Millennials, trust is strongly tied to brands that employ responsible sourcing, local connectedness, and support of non-profits or charities. Millennial brand trust is also heavily influenced by positive recommendations from friends, coworkers, and social media.



Social media tells Millennials what to eat

It's no surprise that Millennials spend large amounts of free time online. However, it is exciting and surprising to uncover the level of impact that recommendations can have on Millennials' snacking decisions.

According to the national study, Millennials are more influenced and engaged in better-for-you snack recommendations than any other generation. **In fact, 68% of Millennials have recommended a better-for-you snack to someone else, and 66% of Millennials have received a recommendation for a better-for-you snack and then tried it.** This is higher than all other groups sampled except for Millennial moms who rated the highest among all groups sampled in both categories (72% for recommending a snack and 70% for trying a snack based on a recommendation).

Along with extending and receiving recommendations, Millennials are paying attention to online reviews and social media posts about better-for-you snacking and are also much more likely to write them. **Amazingly, 41% of Millennials have tried a better-for-you snack because of an online rating or review and 37% have tried a better-for-you snack because of a social media post made by someone else.** These figures represent the highest percentages across the generations and further show the power of these platforms to engage Millennials in trying new, better-for-you snacks.

Bottom line: Millennial snacking behavior is highly influenced by recommendations, ratings, and reviews. More than any other generation, Millennials will try a better-for-you snack based solely on an online rating, review, or social media post.



Kids are thinking about their health

What role do kids have in the snack buying process and how do they influence the buying behavior of moms?

To begin, Millennial moms buy more better-for-you snacks per month than any other generation. The national study found that **21% of Millennial moms bought three new healthier types of snacks in the past month compared to 14% of Gen X moms.**

In addition, 10% of Millennial moms bought four new healthier types of snacks in the past month compared to 5% of Gen X moms. Millennial moms have proven that they are willing to shop and try new options to satisfy the healthy snacking needs of their kids.

Also, thanks to Millennial moms, kids know the difference between what's healthy and not when it comes to snacking. **The majority (69%) of Millennial moms say their kids understand that some snacks are healthier than others and 55% say their kids are more likely to choose a better-for-you snack over another packaged snack.**

Millennial moms are normalizing healthy snacking for the next generation.

Bottom line: Millennial moms are buying more better-for-you snacks than any other generation and their kids are learning the difference between healthy and non-healthy snack options at an early age, setting the stage for the healthy snacking trends to grow significantly going forward.



Healthier has broken the income barrier

Parents are constantly considering the content and quality of their children's snacks and are not afraid to let their kids try out new options, especially if they think it's a healthier option.

According to the national study, **parents are willing to pay an average of \$1.53 more for a better-for-you snack if they know their child will eat it.** Amazingly, income level doesn't affect parents' willingness to splurge on healthier snacks. **Parents that make less than \$75,000 per year are as willing to pay more for healthier snacks as those that make more than \$75,000.** It's clear that the additional cost of a healthy snack will not deter parents from providing their kids with the most beneficial option no matter their income level.

In addition, **82% of parents purchased at least one new better-for-you snack in the last month because it seemed healthier and there was a chance their child would eat it.** Parents are striving to find healthy snacking options for their kids and are willing to try new options and pay more to find the right one.

Bottom line: Parents are extremely willing to buy new snacks for their kids as long as they are healthy and they think their kids will like them. Parents are even willing to pay more for healthy snack options their kids will like independent of their income level.



Research Conclusion & Takeaways



Millennials demonstrate striking differences compared to older generations in how they view healthy snacking. But this perspective doesn't have to be a mystery for those seeking to attract and retain this influential segment of the better-for-you snack market. There are simple practices that can have strong appeal to this group.

The national study revealed several key findings that can be implemented immediately and have lasting effects on Millennial appeal, loyalty, and business.



Research Conclusion & Takeaways

CONTINUED

Snacking retailers have a vast opportunity to win Millennials as loyal snacking customers. Here are suggestions from the study for success with Millennials:

- 1. Packaging matters more than ever.** The national study clearly shows that Millennials want fewer and healthier ingredients listed right on the package. The reason is that as much as retailers and marketers like to think that Millennials are going to search on their phone for information, the truth is they're looking right on the packaging at the label to determine if they think it's healthier. Easy-to-understand ingredients highlighted in clear, simple language resonates best with this generation.
- 2. Don't think that just because consumers are young, they prefer sugary and unhealthy snacks.** The national research study uncovered that better-for-you snacking is a highly desirable and valued option for Millennials and their kids. By embracing nutrition as a core value, brands can win over this new generation of customers at an early age, when they first begin shopping and determining their brand loyalty.
- 3. Talk directly to moms.** The national research study uncovered that Millennial and Gen X moms both have a strong desire for finding snacks that are better-for-you and that their kids like. Speaking directly to moms to let them know that a snack is a great fit for their kids is key to persuading them to try a better-for-you snack for the first time.
- 4. Don't be afraid to charge a premium price for a premium product.** The national research study shows that Millennials will pay more for what they deem to be better-for-you and healthier. This is true regardless of income.

Bonus: **Social media has never been more important in the consumer snacking experience.** To make a connection and impact on this generation, it's become vital for brands to have a social media presence that represents their position and promise. More than any other generation, Millennials will try a new better-for-you snack based solely on social media influences.



About the Study's Authors



Amplify Snack Brands

Headquartered in Austin, Texas, Amplify Snack Brands is a high growth snack food company focused on developing and marketing products that appeal to consumers' growing preference for Better-For-You (BFY) snacks.

Our brands SkinnyPop®, Tyrrells®, Paqui® and Oatmega® embody our BFY mission of “snacking without compromise” and have amassed a loyal customer base across a wide range of food distribution channels in the United States, United Kingdom, Canada, Europe and Australia.

For additional information, please visit:
Amplifysnackbrands.com.



THE CENTER FOR
GENERATIONAL KINETICS®

The Center for Generational Kinetics

The Center for Generational Kinetics is the leading research, speaking, and solutions firm focused on Millennials, Generation Z, and solving generational challenges. The Center's team of PhD researchers, strategists, and keynote speakers help leaders around the world solve tough generational challenges in areas ranging from employing multiple generations or recruiting Millennials to selling and marketing to Millennials and across generations.

Each year, The Center works with over 150 clients around the world, from car manufacturers and global hoteliers to insurance companies, hospital chains, and international software firms. The Center's team is frequently quoted in the media about the effect of generational differences on everything from shopping and parenting to work style and social media.

Learn more at GenHQ.com.

Research Methodology

Amplify Snack Brands and The Center for Generational Kinetics jointly led this research study. The survey was administered to 1,631 U.S. adults ages 18-65 including a 200-person oversample of Millennial moms ages 21-39, a 200-oversample of Gen X moms ages 40-51, and a 200-person oversample of those with an annual household income of \$75,000 and above.

Millennials are defined as being born between 1977 and 1995 and Gen X is defined as being born between 1965 and 1976. The sample was weighted to the current census data for age, gender, and region.

The survey was conducted online from December 12, 2016 to December 19, 2016 and has a margin of error of +/-3.1.



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