Putting the Strategy Back into Food Product Design

Oregon Dairy Industries
Annual Conference
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Dave Lundahl
CEO InsightsNow

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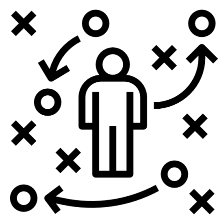
We empower product visionaries to design experiences for a healthier, happier world.

What is strategy?

Defining Strategy

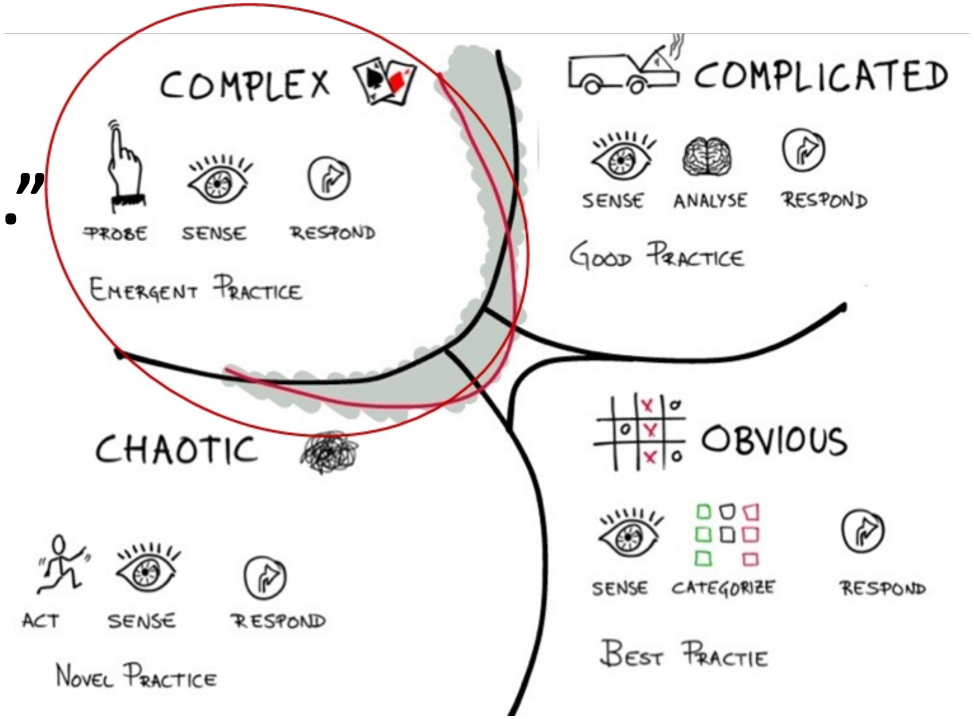
“Product Strategy is not a Roadmap.”



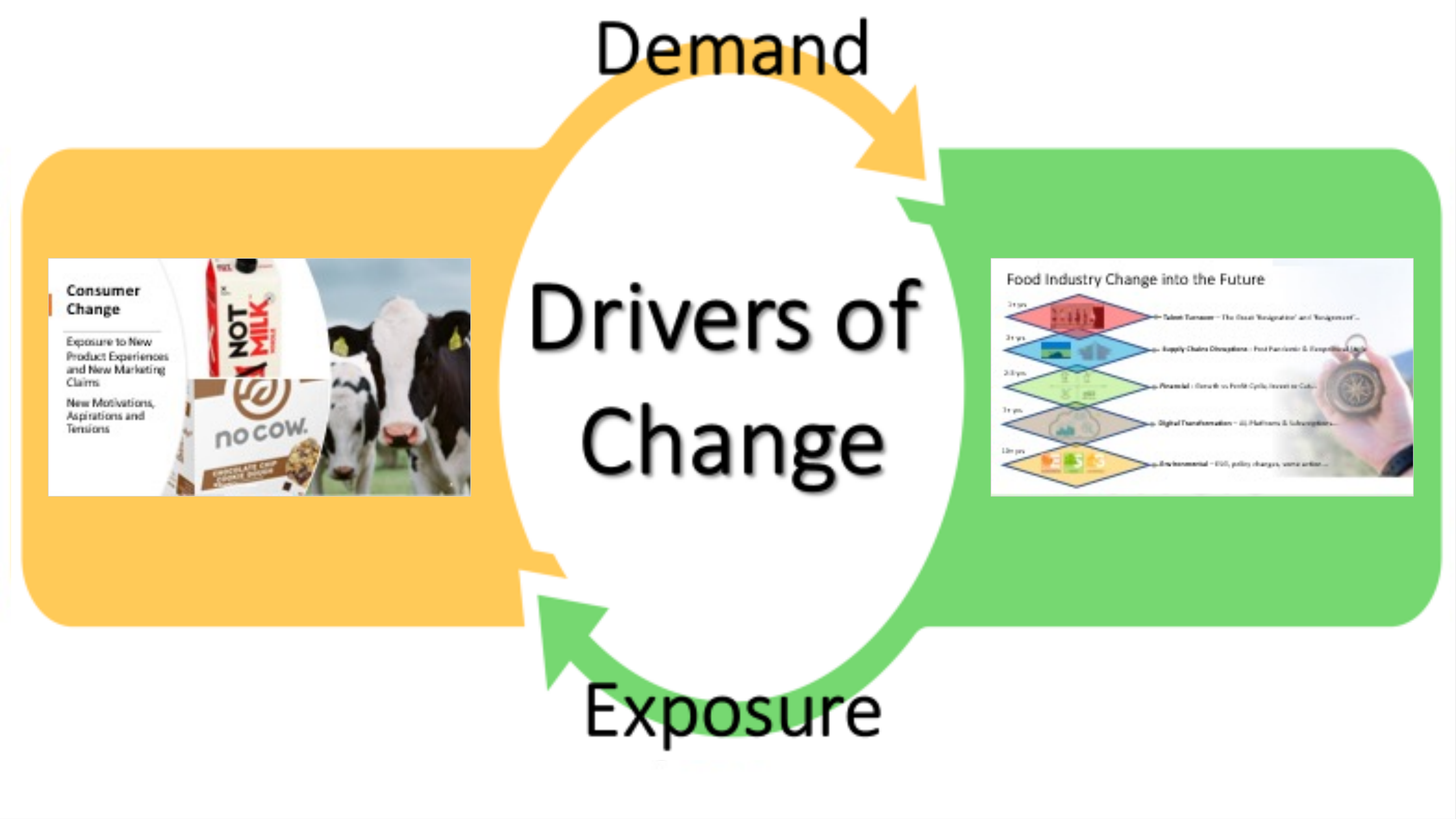
A set of “Rules” to chose a Plan “A” or “B” with respective guardrails for **faster pivoting**. It resolves complex, layered potential barriers to success.

WHEN: Strategy is more valuable during scenarios of greater **“VUCA.”**

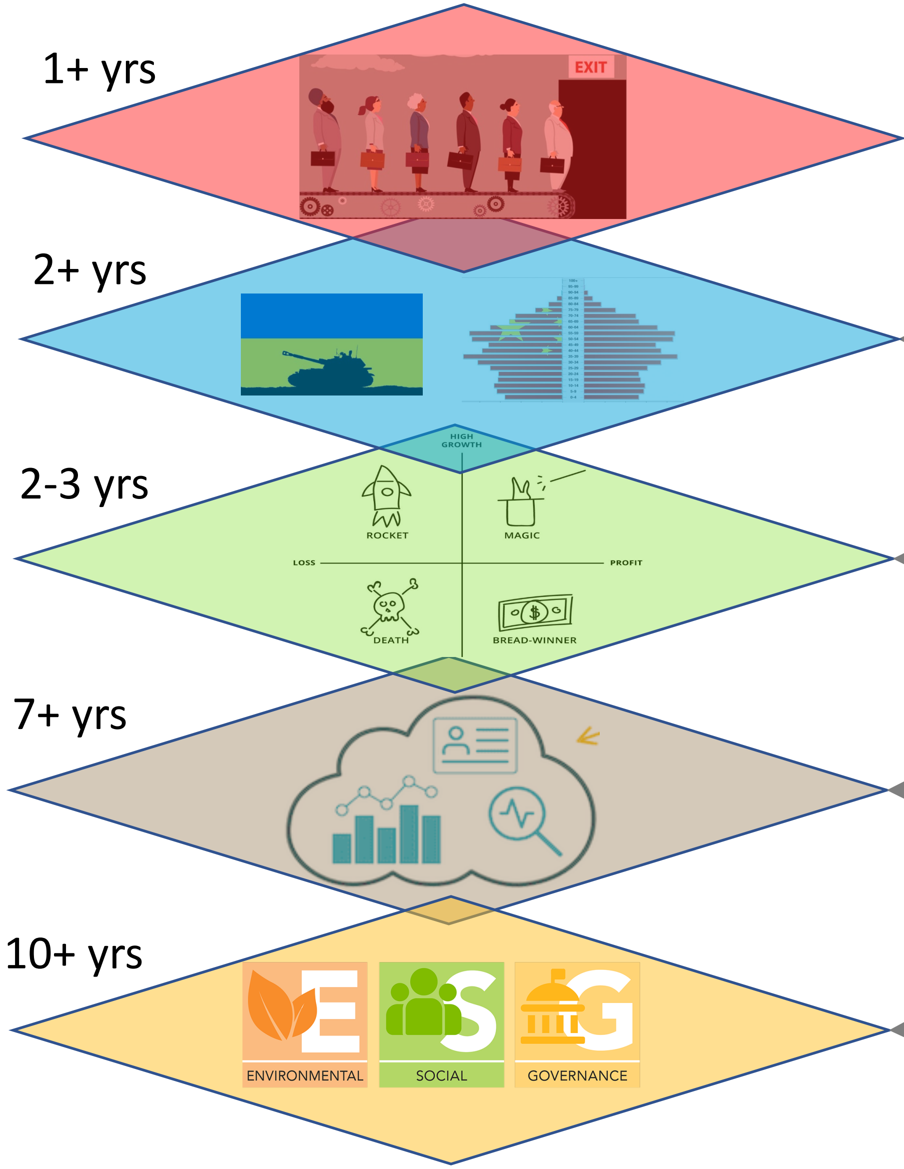
MISSION: Transform anxiety into excitement and uncertainty into possibility by connecting a desired future to present-day choices.



These times of change are complex!



Food Industry Change into the Future



Talent Turnover – The Great 'Resignation' and 'Resignment'...

Supply Chains Disruptions - Post Pandemic & Geopolitical Strife

Financial - Growth vs Profit Cycle, Invest or Cut...

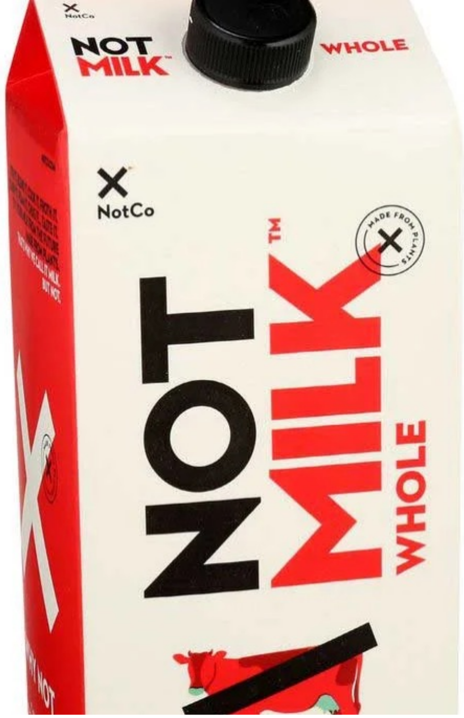
Digital Transformation – AI, Platforms & Subscriptions...

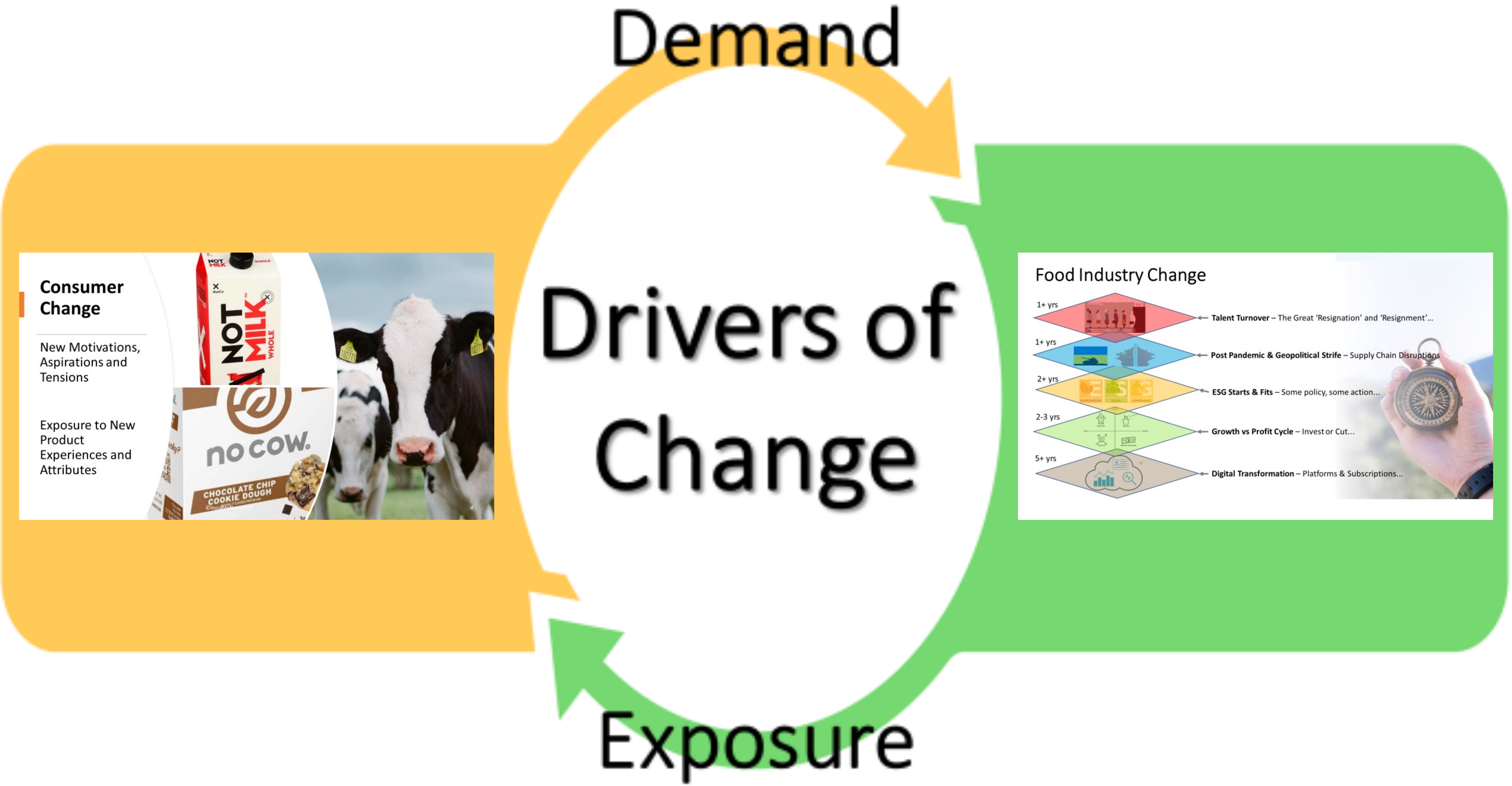
Environmental – ESG, policy changes, some action...

Consumer Change

Exposure to New Product Experiences and New Marketing Claims

New Motivations, Aspirations and Tensions

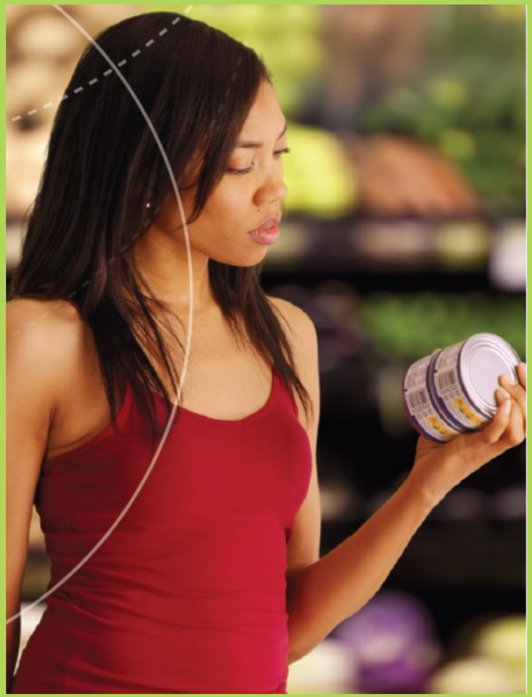



Demand
Drivers of Change
Exposure
Consumer Change
New Motivations, Aspirations and Tensions
Exposure to New Product Experiences and Attributes
NOT MILK
no cow
CHOCOLATE CHIP COOKIE DOUGH
Food Industry Change
1+ yrs
Talent Turnover – The Great 'Resignation' and 'Resignment'…
1+ yrs
Post Pandemic & Geopolitical Strife – Supply Chain Disruptions
2+ yrs
ESG Starts & Fits – Some policy, some action…
2-3 yrs
Growth vs Profit Cycle – Invest or Cut…
5+ yrs
Digital Transformation – Platforms & Subscriptions…

Aspirational Compass Project

Identifying Changes in Food and Beverage Shopping Motivations

- **Identify consumers' aspirations vs reality** when shopping for products targeted at specific moments of their life
- **Understand trade-offs** shoppers are making when they are faced with competing priorities
- **Identify opportunities** for to create whitespace by filling gaps between aspirations and actual buys



2,891 Primary Shoppers in North America (August 2022)

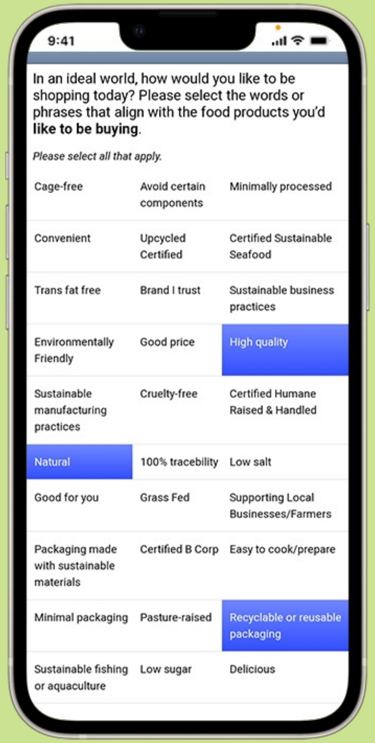
Aspirational Compass Project
Identifying Changes in Food and Beverage Shopping Motivations

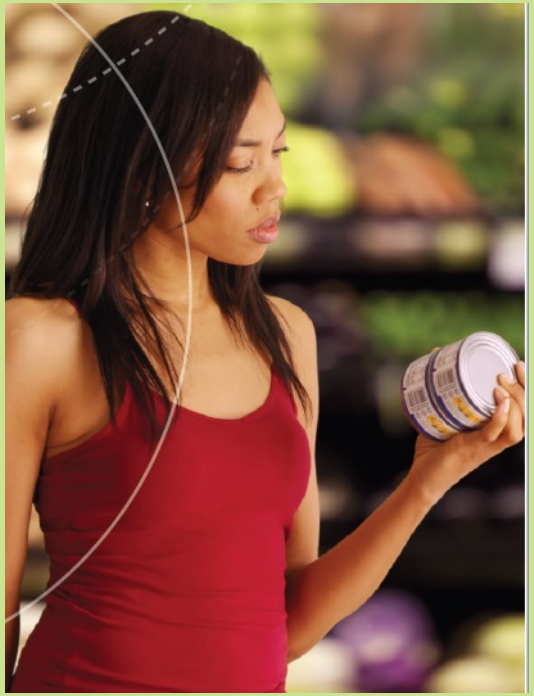
Shopping Motivations

- Aspirations
- Actual Behavior

Trade-offs & Influence

- Clean Label
- Sustainability
- Taste
- Convenience
- Price





2,891 Primary Shoppers in North America (August 2022)

General and Moment Specific Aspirations, Buying Criteria and Trade Offs

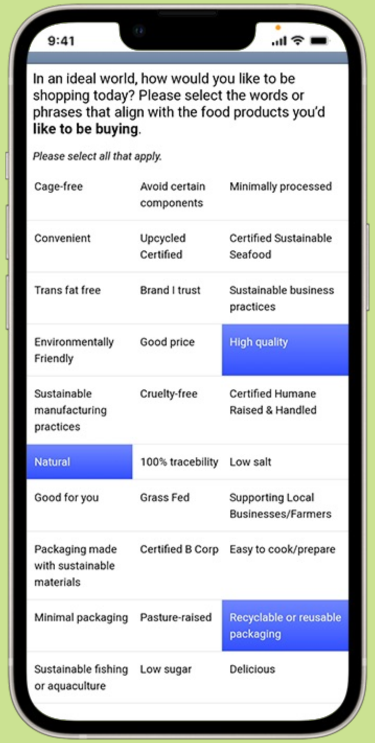
Aspirational Compass Project

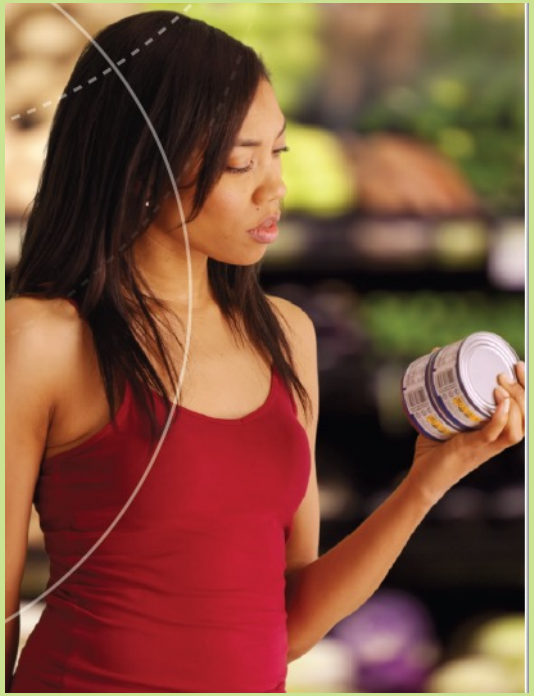
Identifying Changes in Food and Beverage Shopping Motivations

Two Specific Moments

Shopping for Milk *(dairy or non-dairy) that goes well with all the foods and beverages you start the day with*

Shopping for a frozen dessert *(dairy or plant-based alternative) for your enjoyment*





2,891 Primary Shoppers in North America (August 2022)

General and Moment Specific Aspirations, Buying Criteria and Trade Offs

Consumers are Changing How They Shop

- Consumers are still shopping primarily in store vs online.
- Younger shoppers adopting online shopping.

	In Store	Online for Delivery	Online for Pickup
Overall (N = 2904)	**70%**	**20%**	**11%**
Gen Z (N = 386)	65%	24%	12%
Millennials (N = 1006)	61%	24%	15%
Gen X (N = 827)	72%	18%	10%
Boomers (N = 685)	82%	12%	6%
Male (N = 1344)	66%	22%	12%
Female (N = 1509)	73%	17%	10%

What are the Greatest Consumer Tensions?

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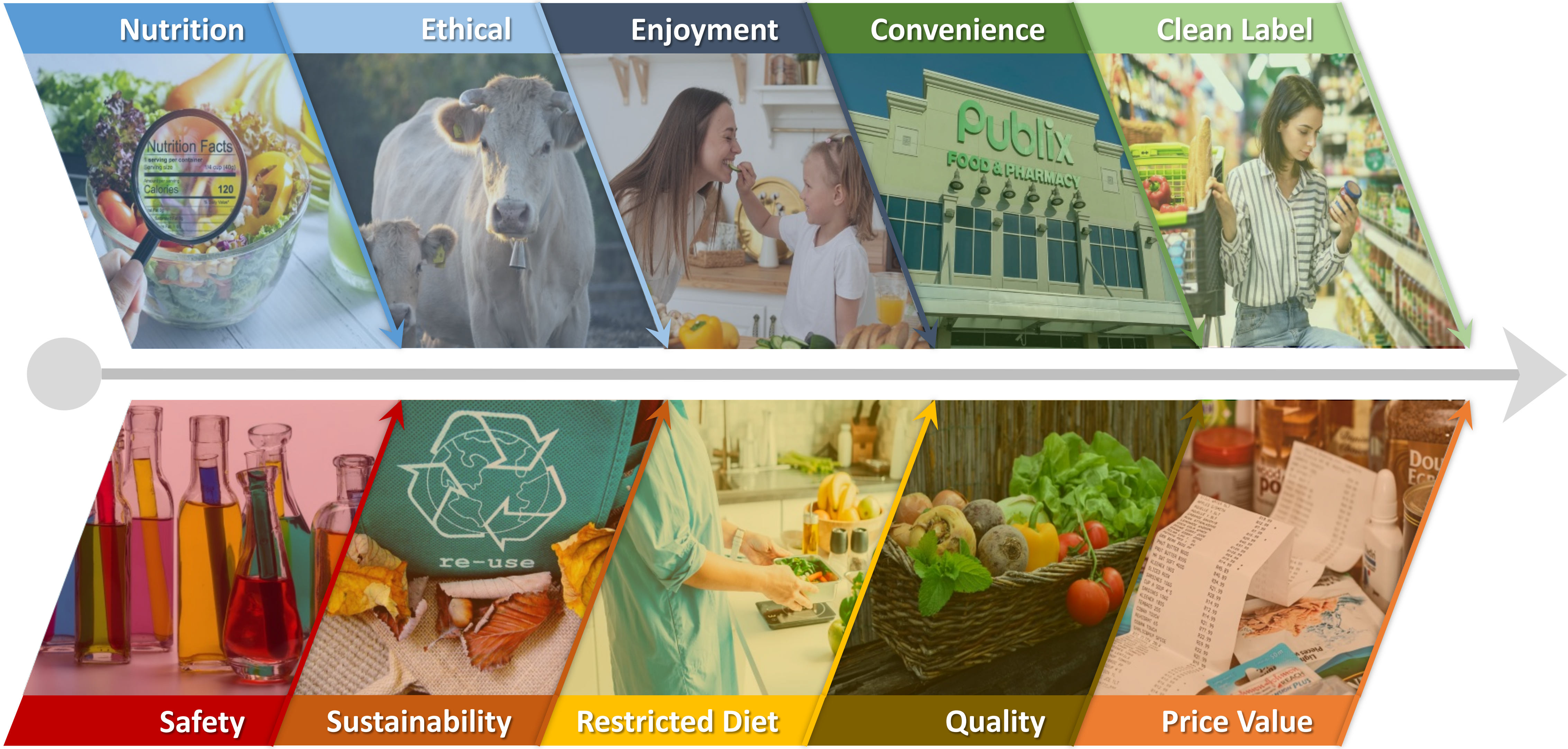
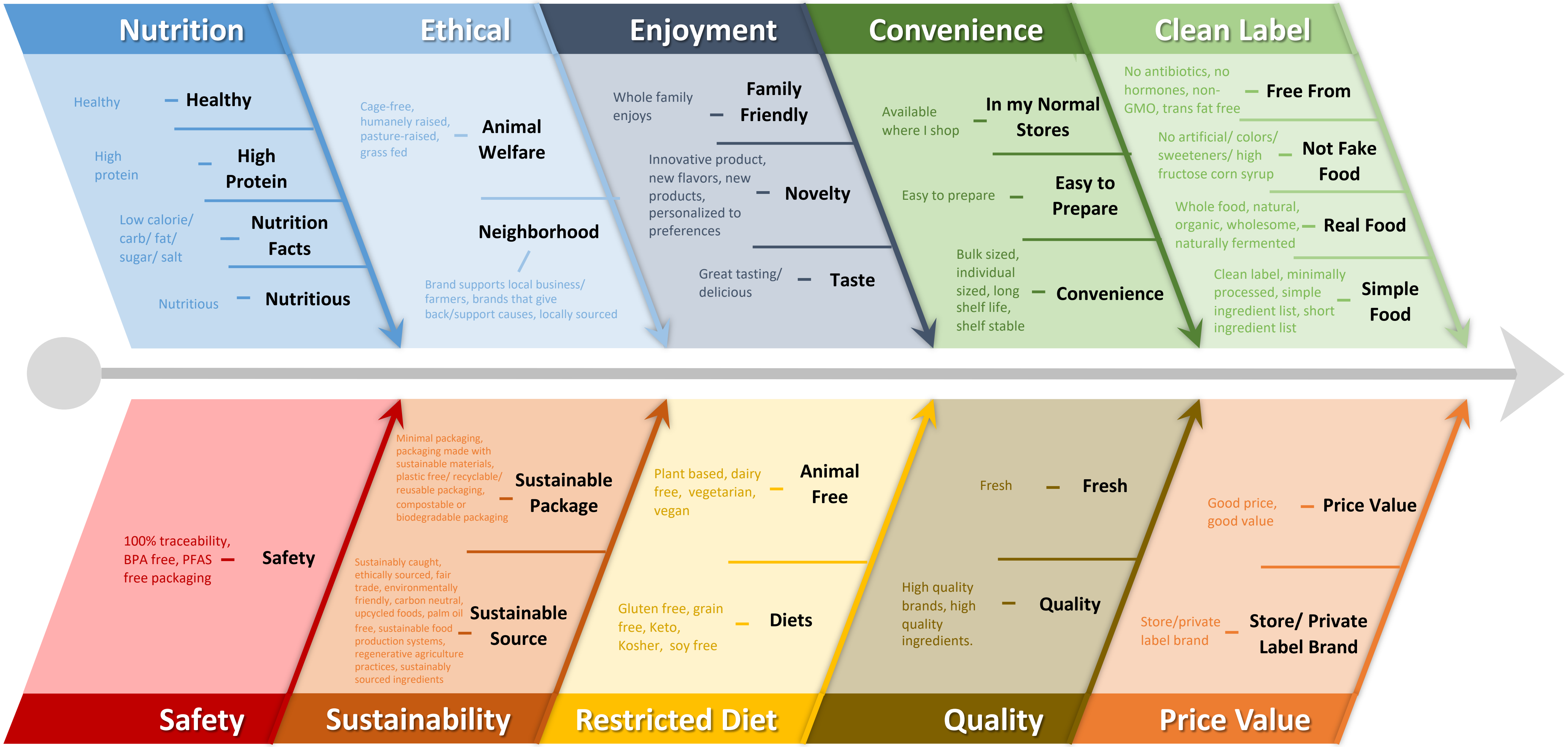
Shoppers asked about their ideal and actual behaviors across 10 aspirational themes



… using 77 specific aspirations that laddered up to 25 sub themes



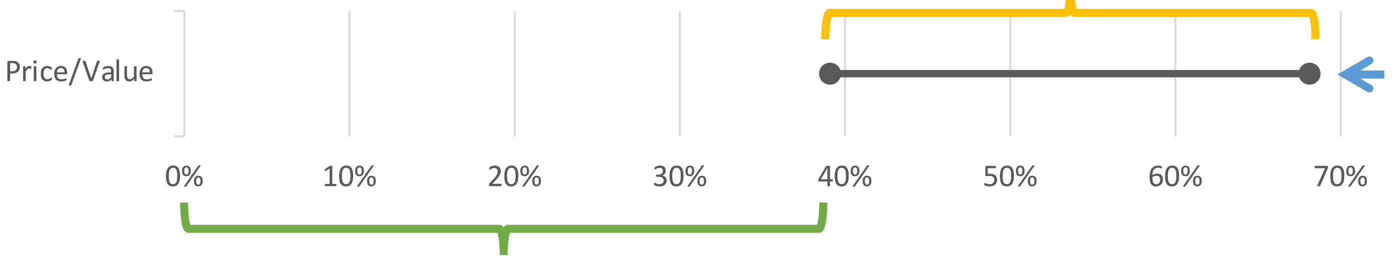
Identifying the most common aspirations and largest behavioral gaps

Price/Value Example

- *Good price*
- *Good value*

Tensions

29% of shoppers don't achieve their Price/Value aspirations



Size of Desire

68% of shoppers aspire to good Price/Value

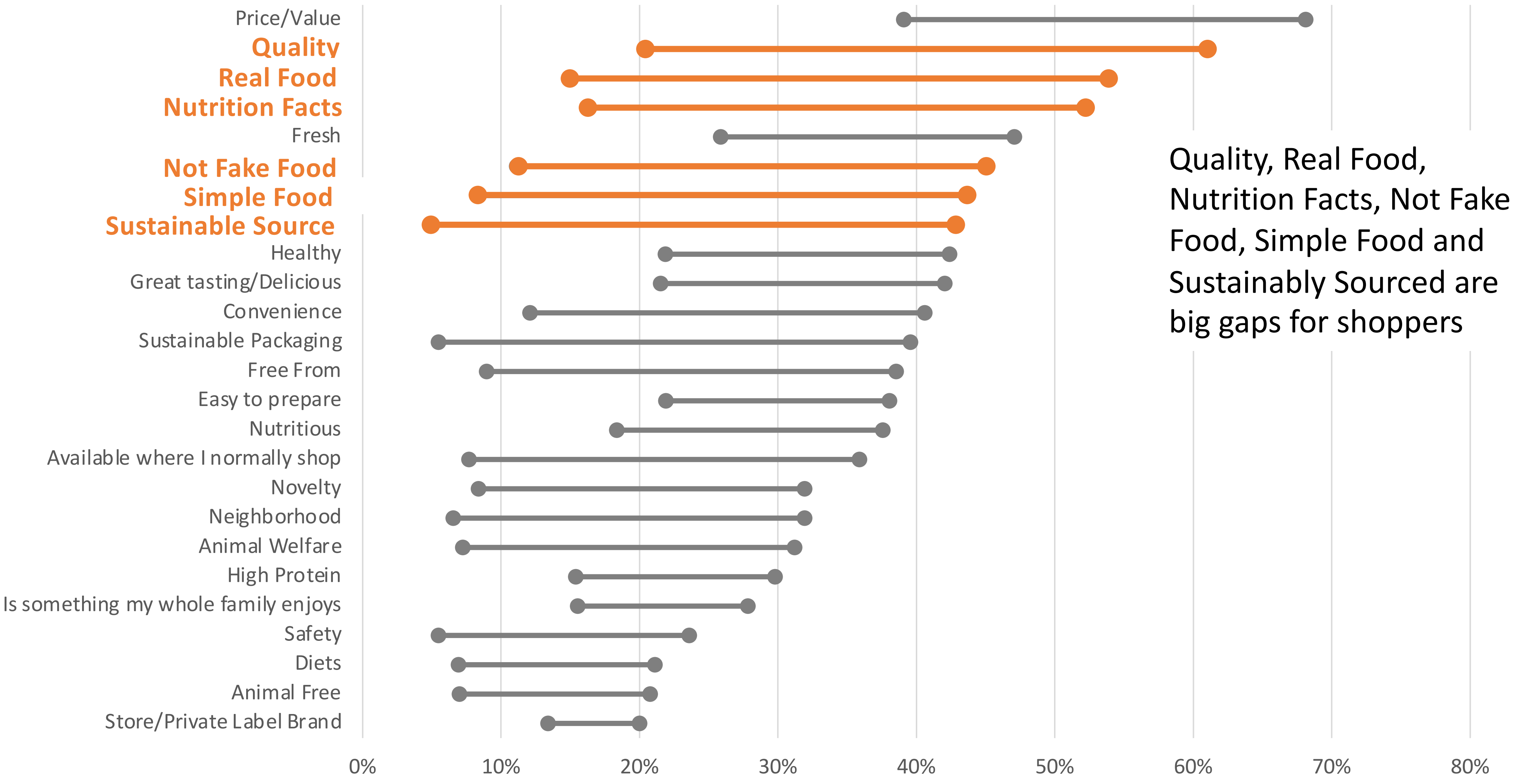
In an ideal world, what qualities do you consider in making food and beverage buying decisions?

Actual Choice Criteria

39% of shoppers are acting today on all their Price/Value aspirations

Thinking of the way you actually shop today.

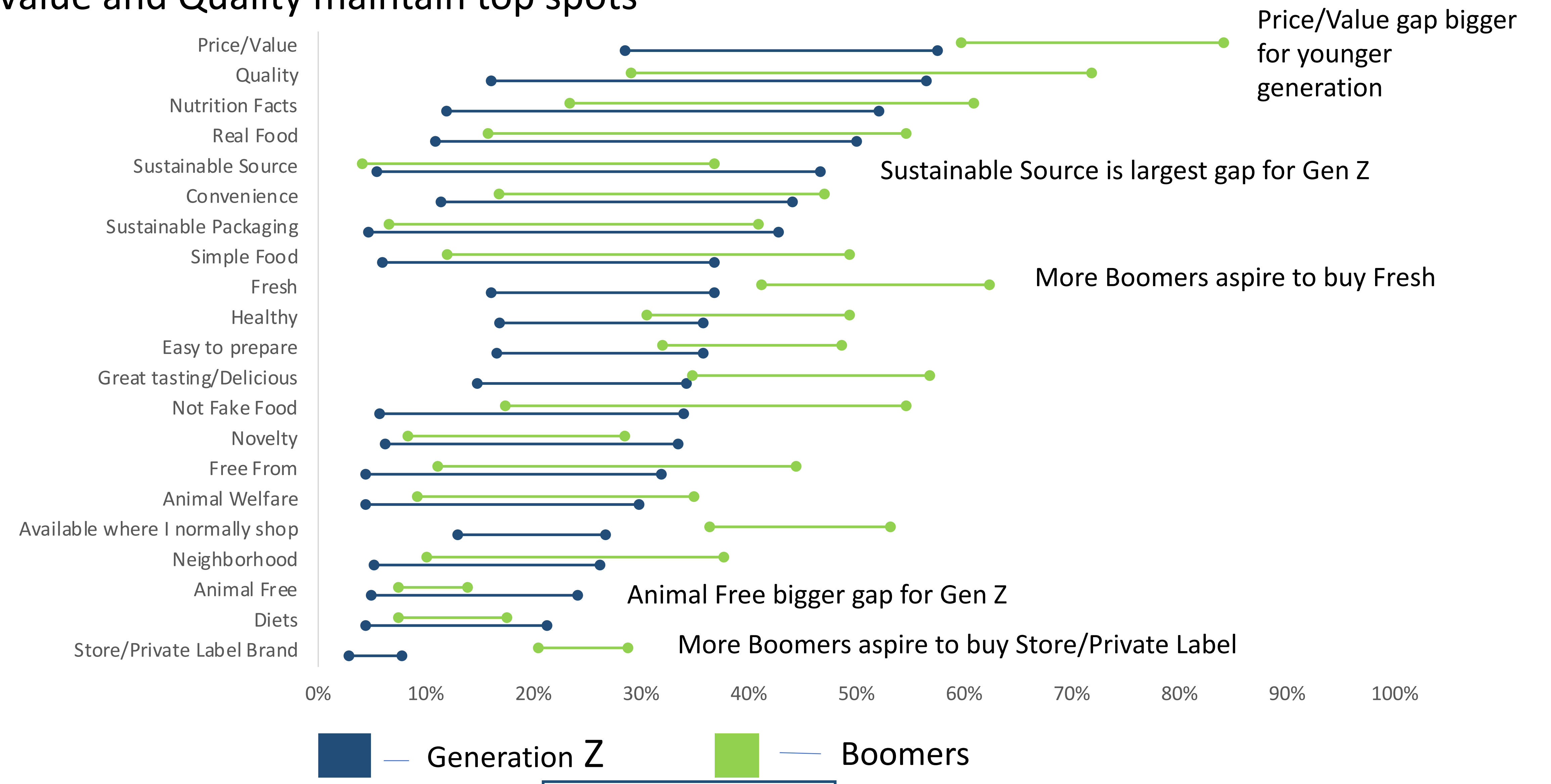
Large aspirations and gaps represent prime innovation opportunities



Quality, Real Food, Nutrition Facts, Not Fake Food, Simple Food and Sustainably Sourced are big gaps for shoppers

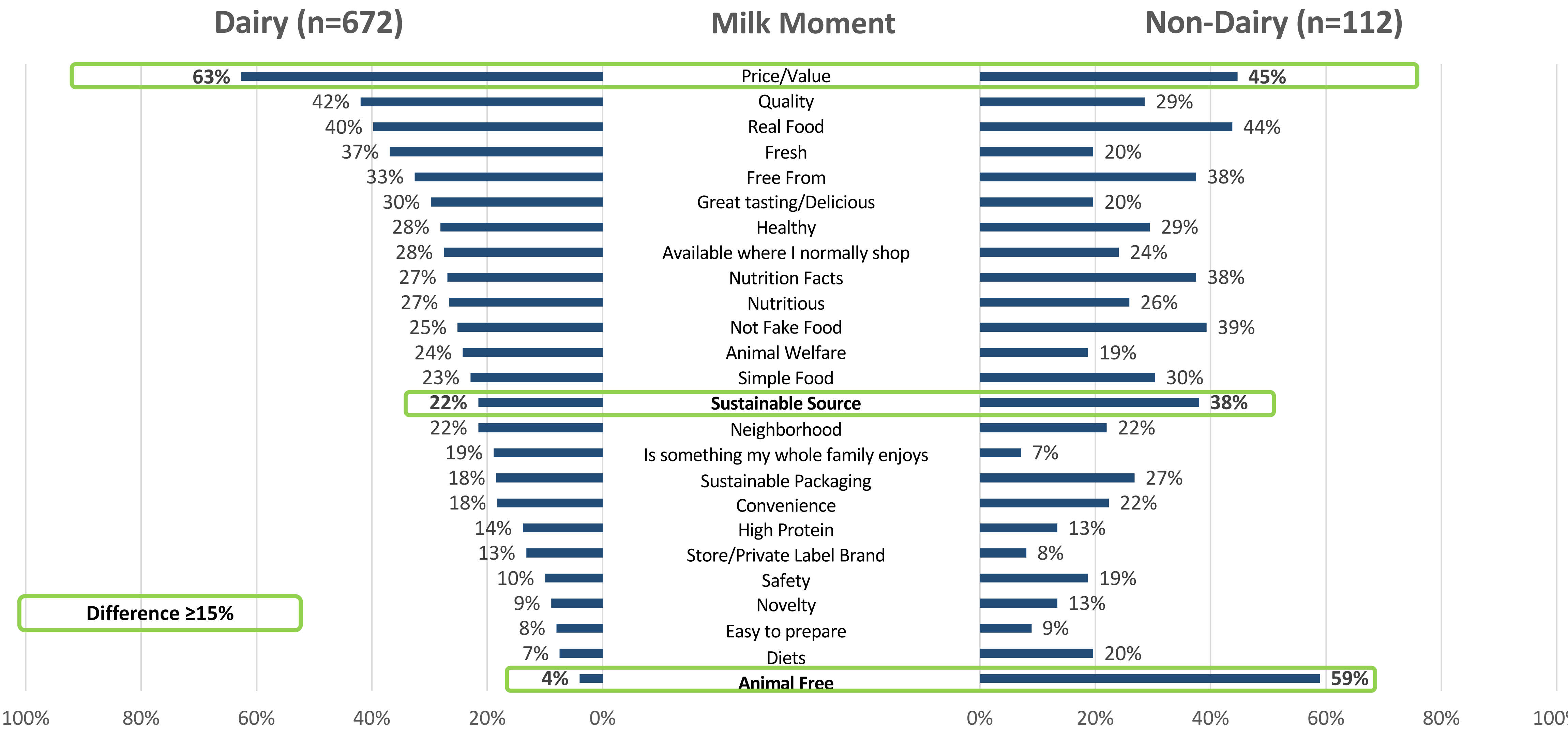
Aspirations and size of gaps change across generations

Price/Value and Quality maintain top spots

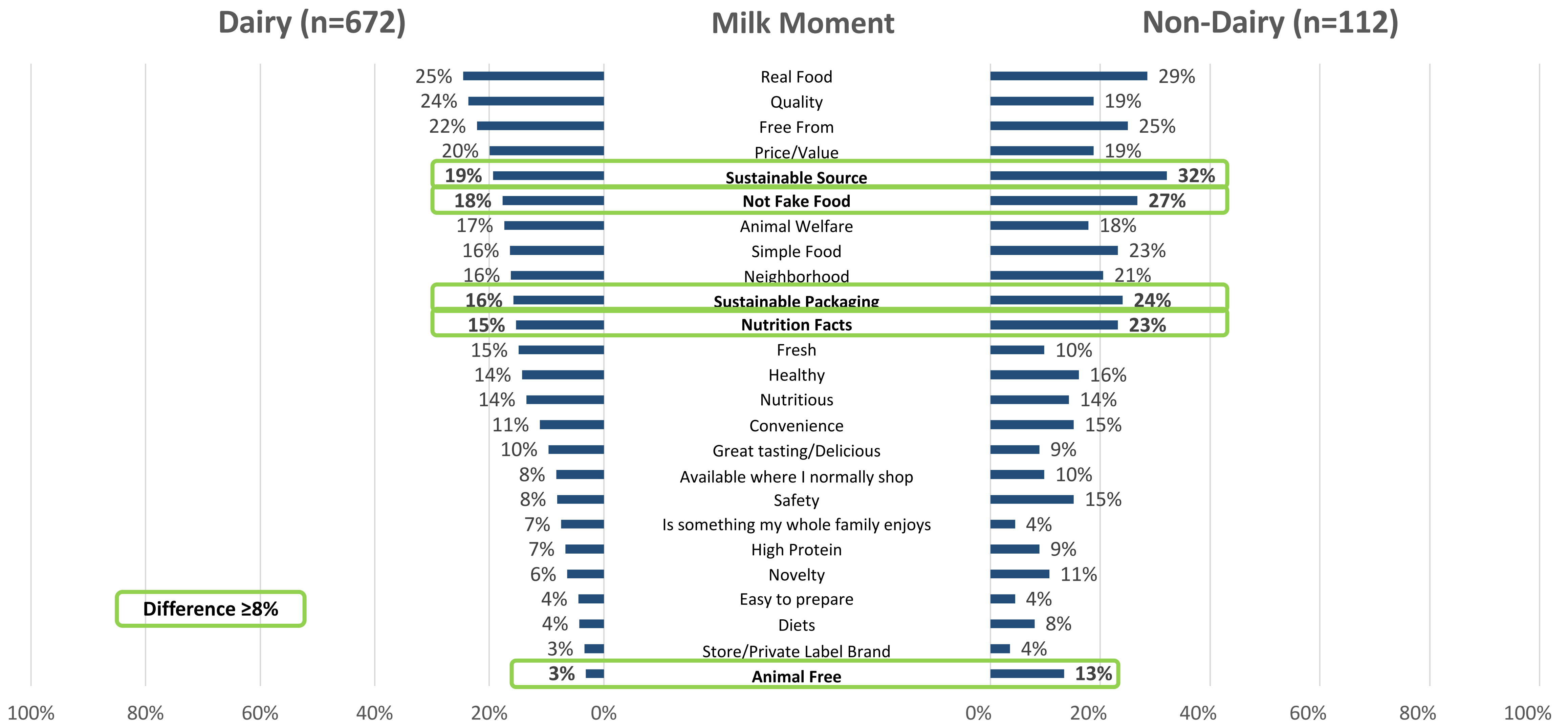


Shopping for Milk
(dairy and or non-dairy)
that goes well with all the foods and beverages you start the day with

Comparing aspirations of dairy versus non-dairy only shoppers

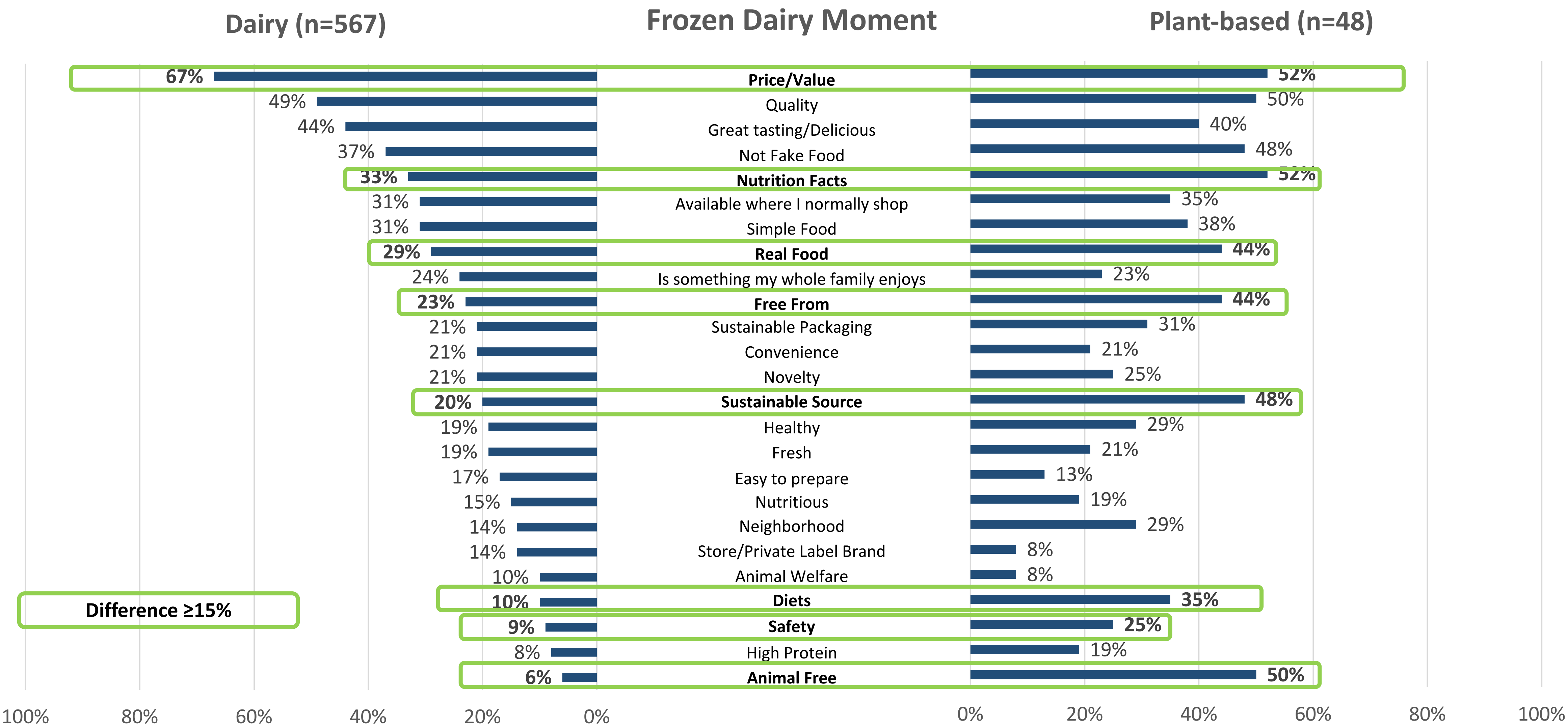


Comparing TENSIONS in dairy versus non-dairy only shoppers

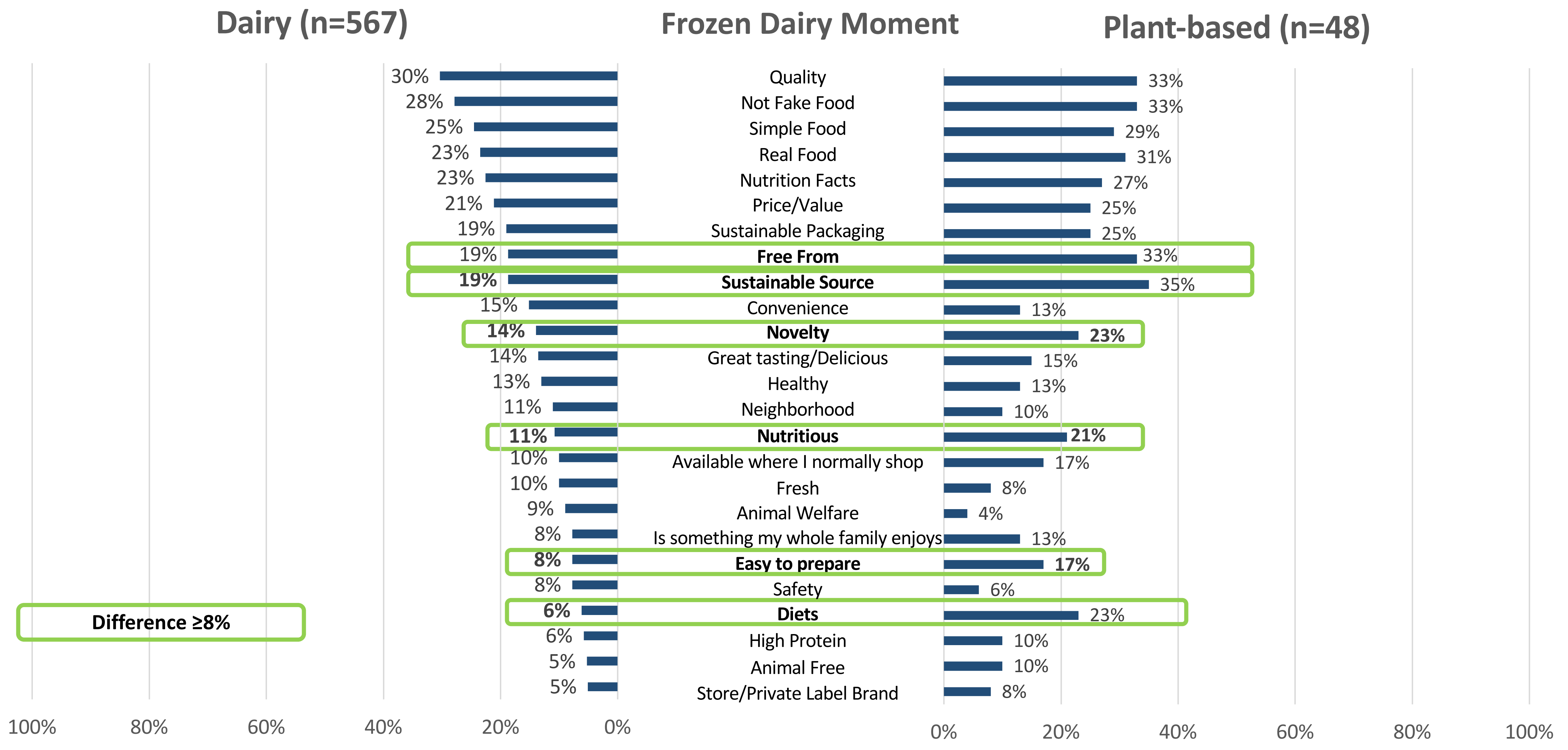


Shopping for Frozen Dessert (dairy or plant-based alternative) for your enjoyment

Comparing aspirations of dairy versus plant-based only shoppers



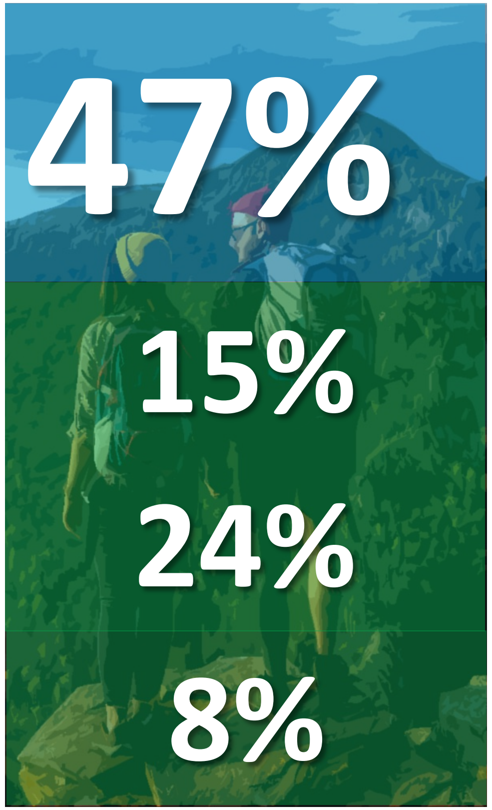
Comparing TENSIONS in dairy versus plant-based only shoppers



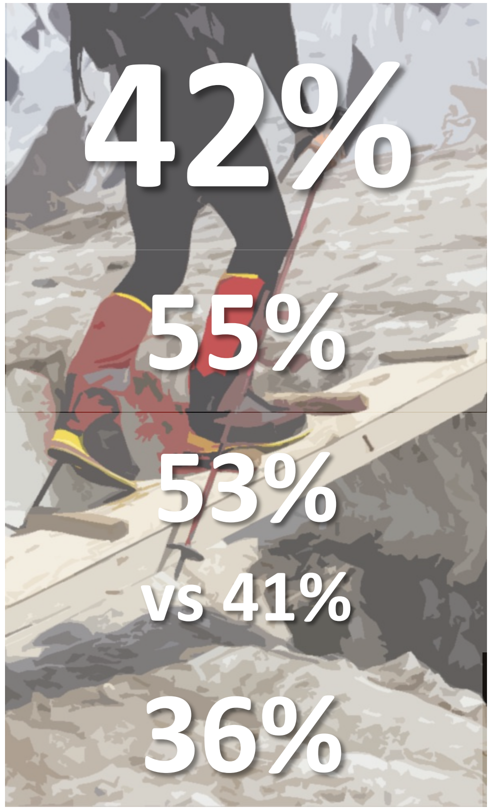
Aspirational Mountain| Summary of Consumer Tensions

Overcoming Barriers to Resolve Consumer Tensions

Sustainable Aspirations



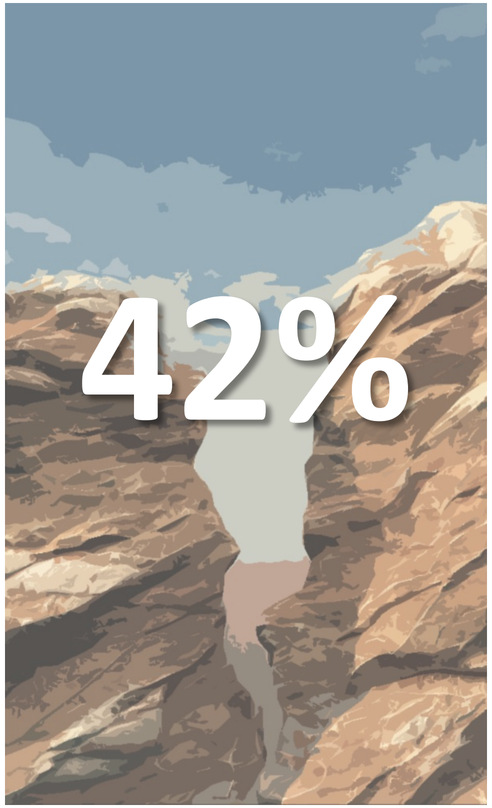
Trust Bridges



Taste

Convenience Pathways

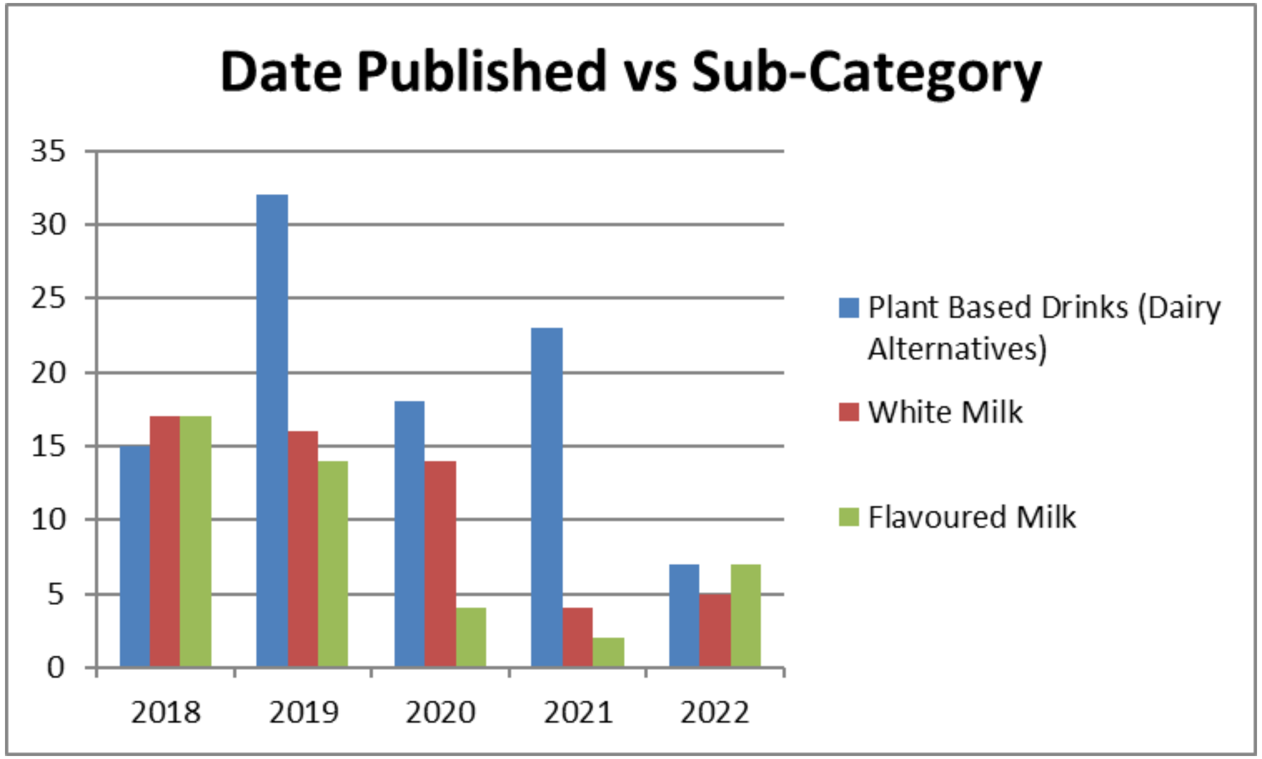
Inflation Barriers



New Exposures

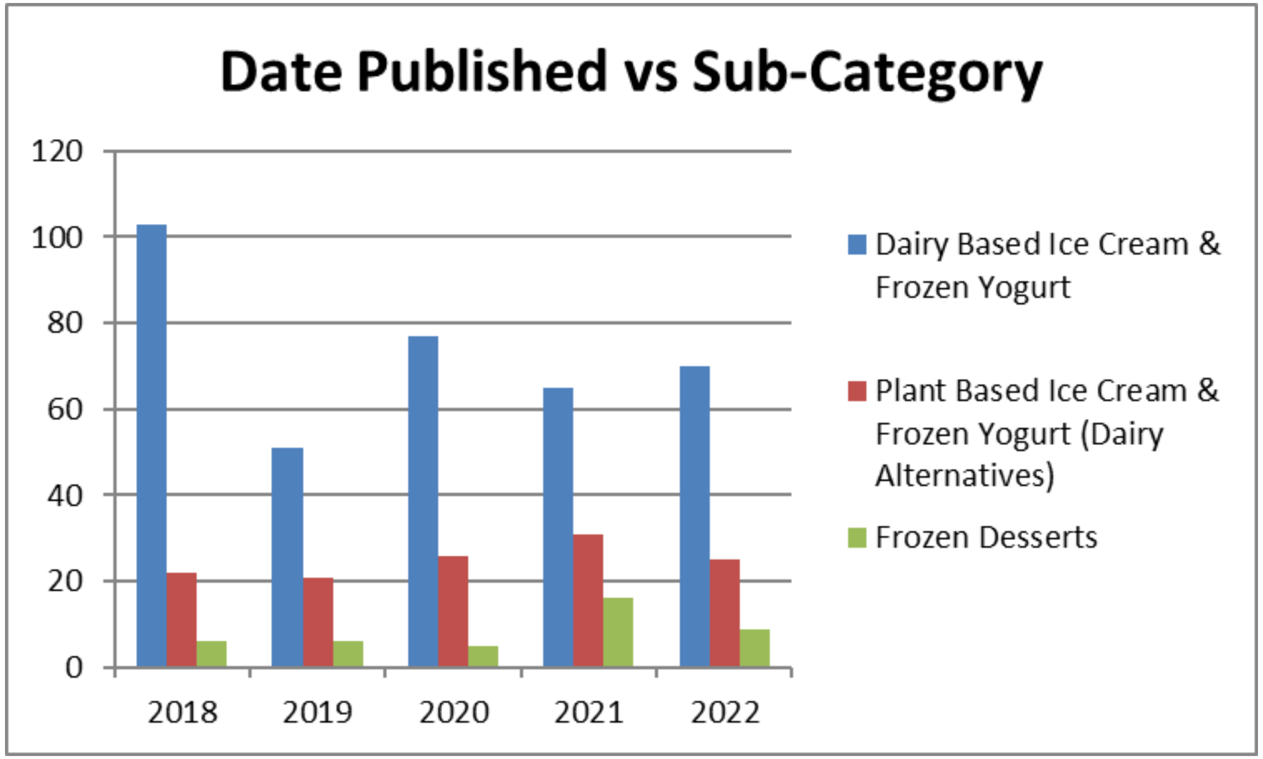
New Product Releases in the US

Milk & Dairy Alternative Category Beverages



Plant-Based is dominating new products

Frozen Dessert (Dairy & Dairy Alternative)

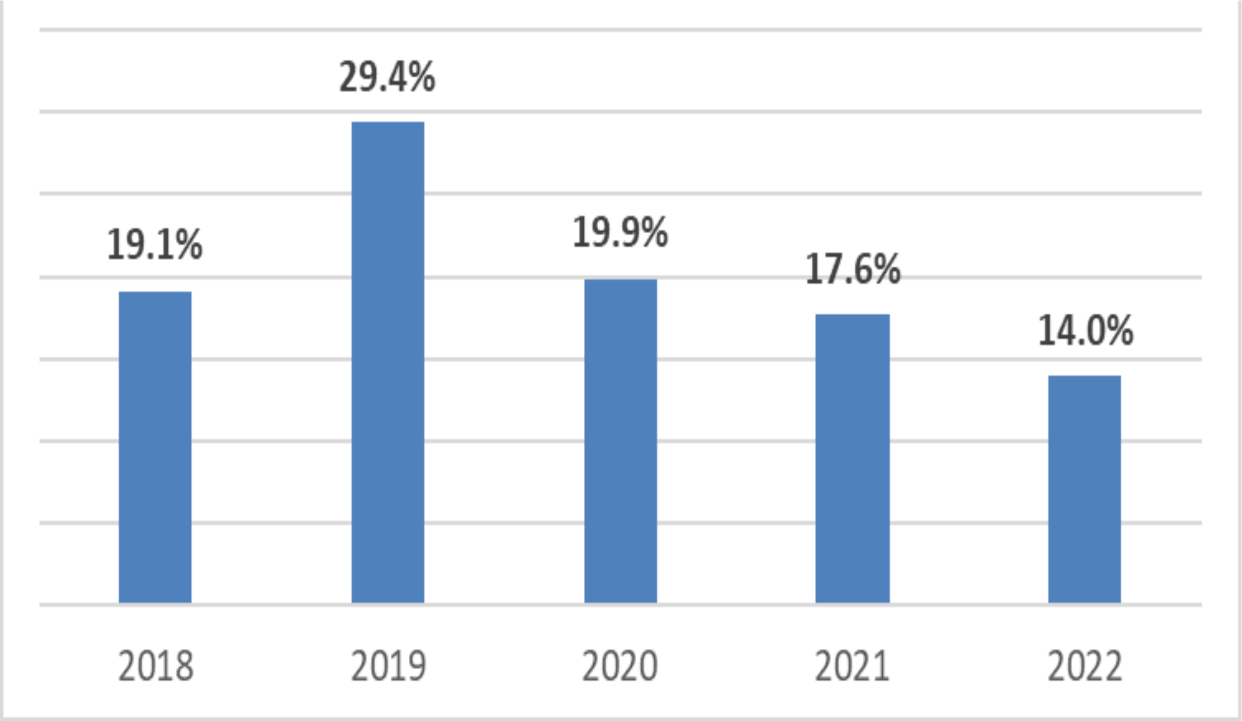


Plant-Based is growing

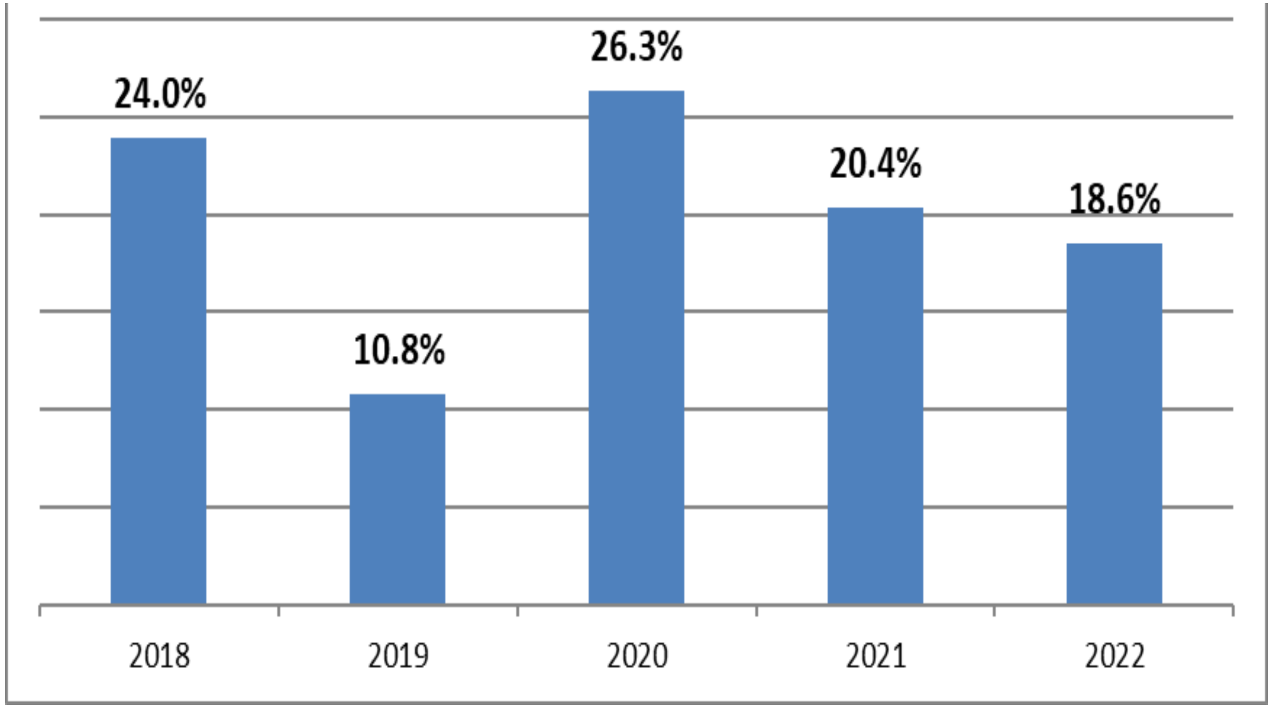
Mintel GNPD 2023

New Dairy & Dairy Alternative Releases in the US with at Least One Sustainable Claim

Milk & Dairy Alternative Category Beverages



Frozen Dessert (Dairy & Dairy Alternative)

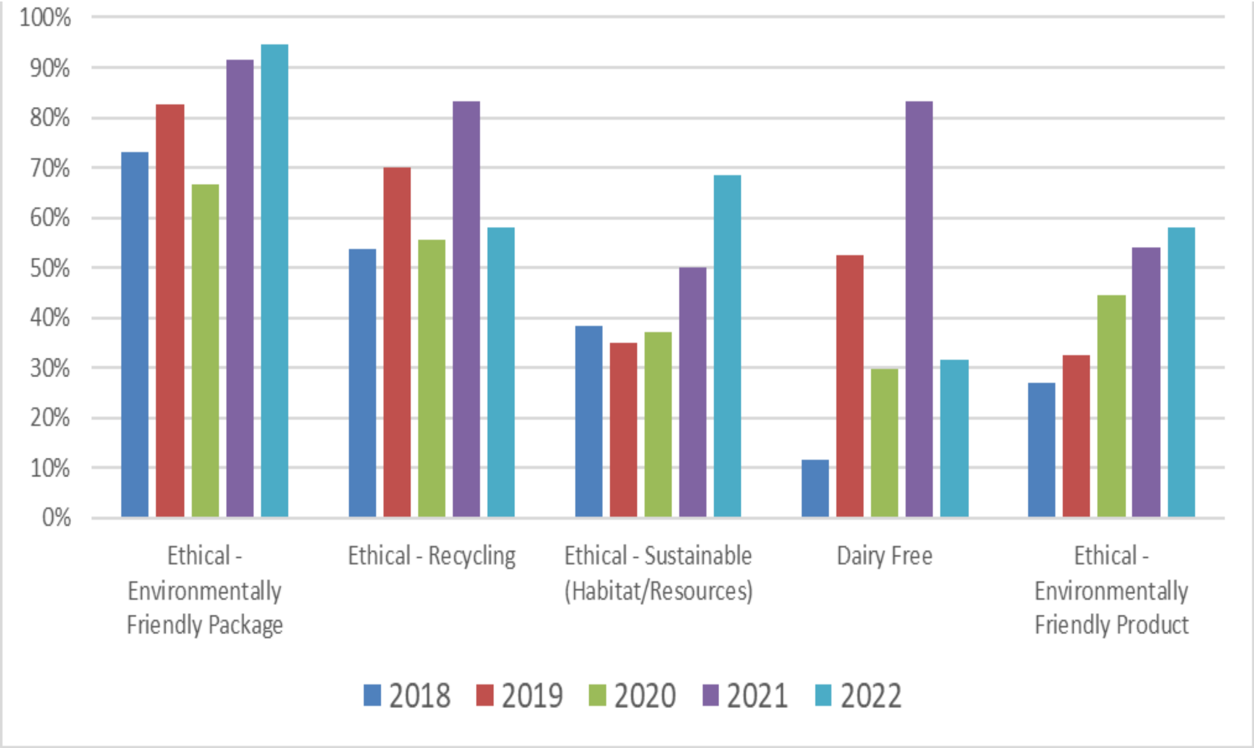


Sustainability claims have yet to take off

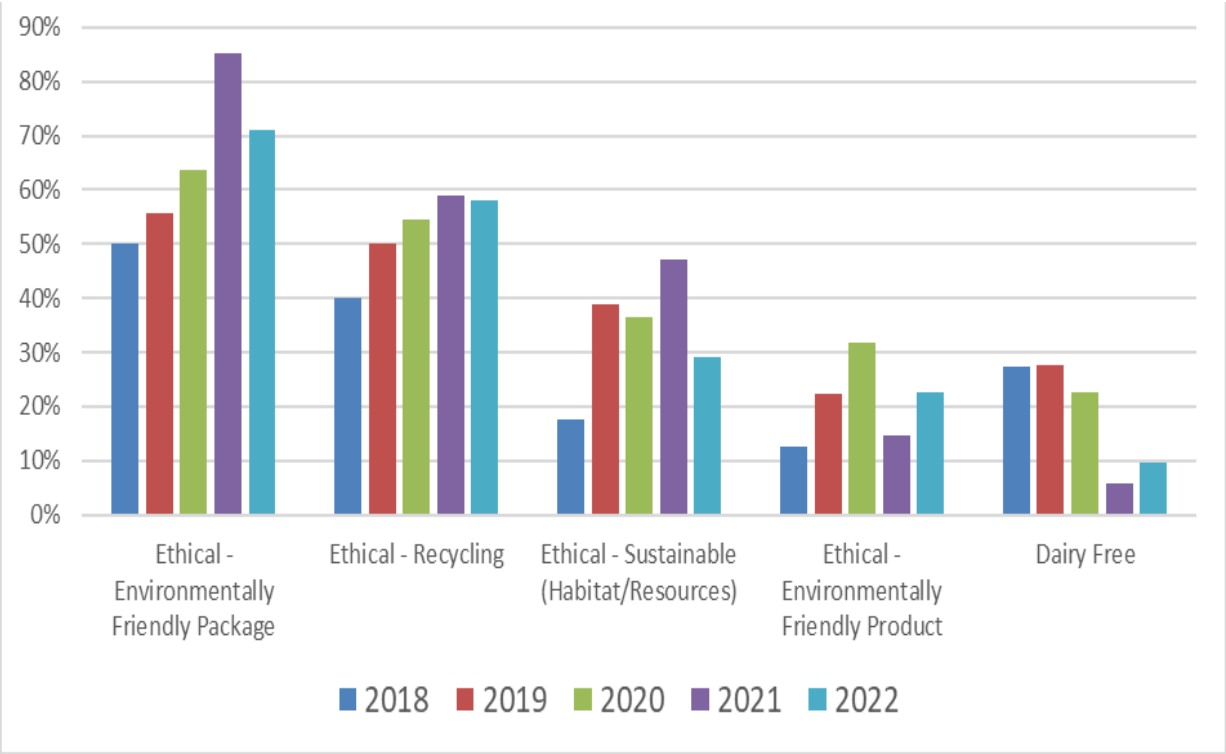
Mintel GNPD 2023

Claims Used in New Milk Product Releases in the US

Milk & Dairy Alternative Category Beverages



Frozen Dessert (Dairy & Dairy Alternative)



Sustainability packaging claims more prevalent

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Natural Products Expo West

3,000 exhibiting brands and 65,000 attendees hosted by Kroger, Aldi, 7-Eleven, Sprouts, Whole Foods Market, GNC, Albertson's, Walmart, Costco, Target, Thrive Market, Amazon, Trader Joe's, Bi-Rite Market, Clark's Nutrition, Cambridge Naturals, PCC Markets, Earth Fare, Natural Grocers, Jimbo's, Fresh Thyme, Misfits Market, MOM's Organic Market, Walgreen's, and CVS.

Naturally Trending™ Report

Natural Products Expo West

Five key trends

1. Taste is king
2. Diversification of plant-based applications
3. New marketing claims
4. Sustainability
5. Branding to differentiate

Plant-based Applications

Dairy Free Milk Alternatives

2

Plant-based Applications

Whey Free

2

Plant-based Applications

Cheese Analogues

2

New marketing claims

Milk Alternatives

3

New marketing claims

3

Allergy Free

Sustainability

4

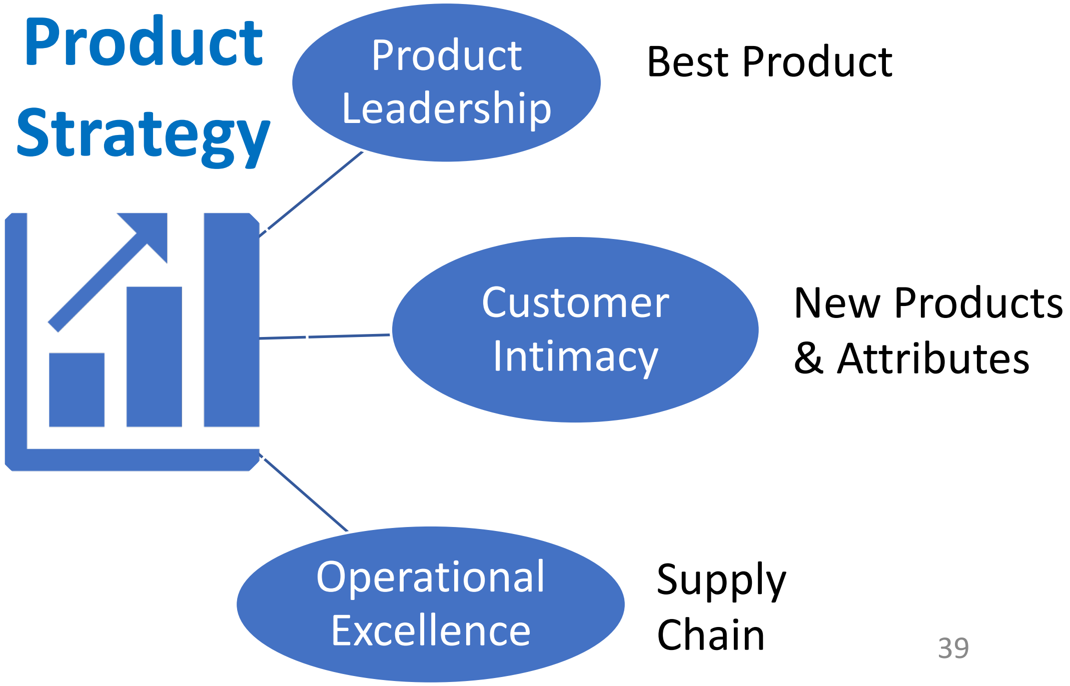
Sustainability

4

Rock
Paper
Scissors

HAND GAME

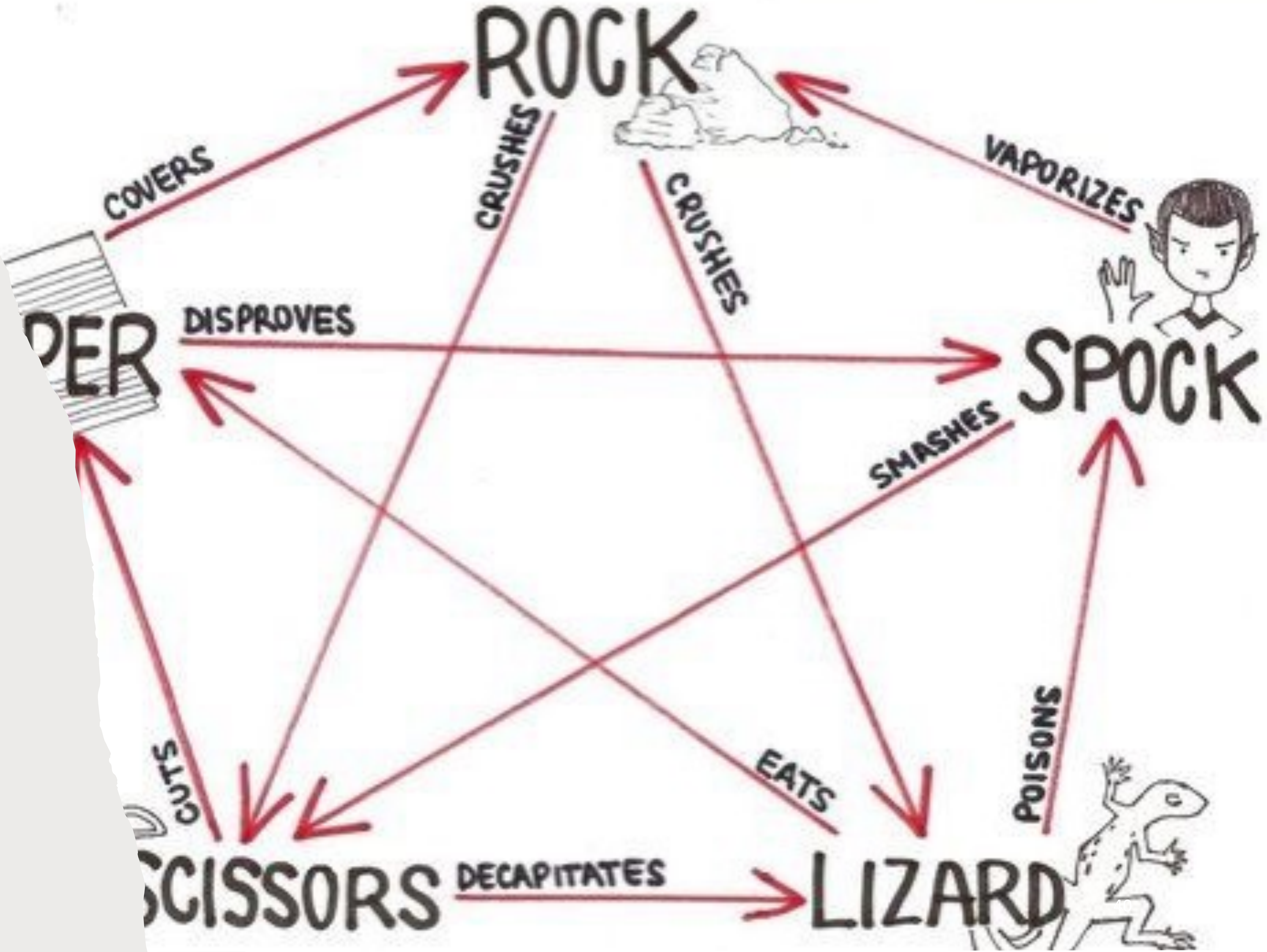
In times of *change* this can be a risky game …



Product Strategy

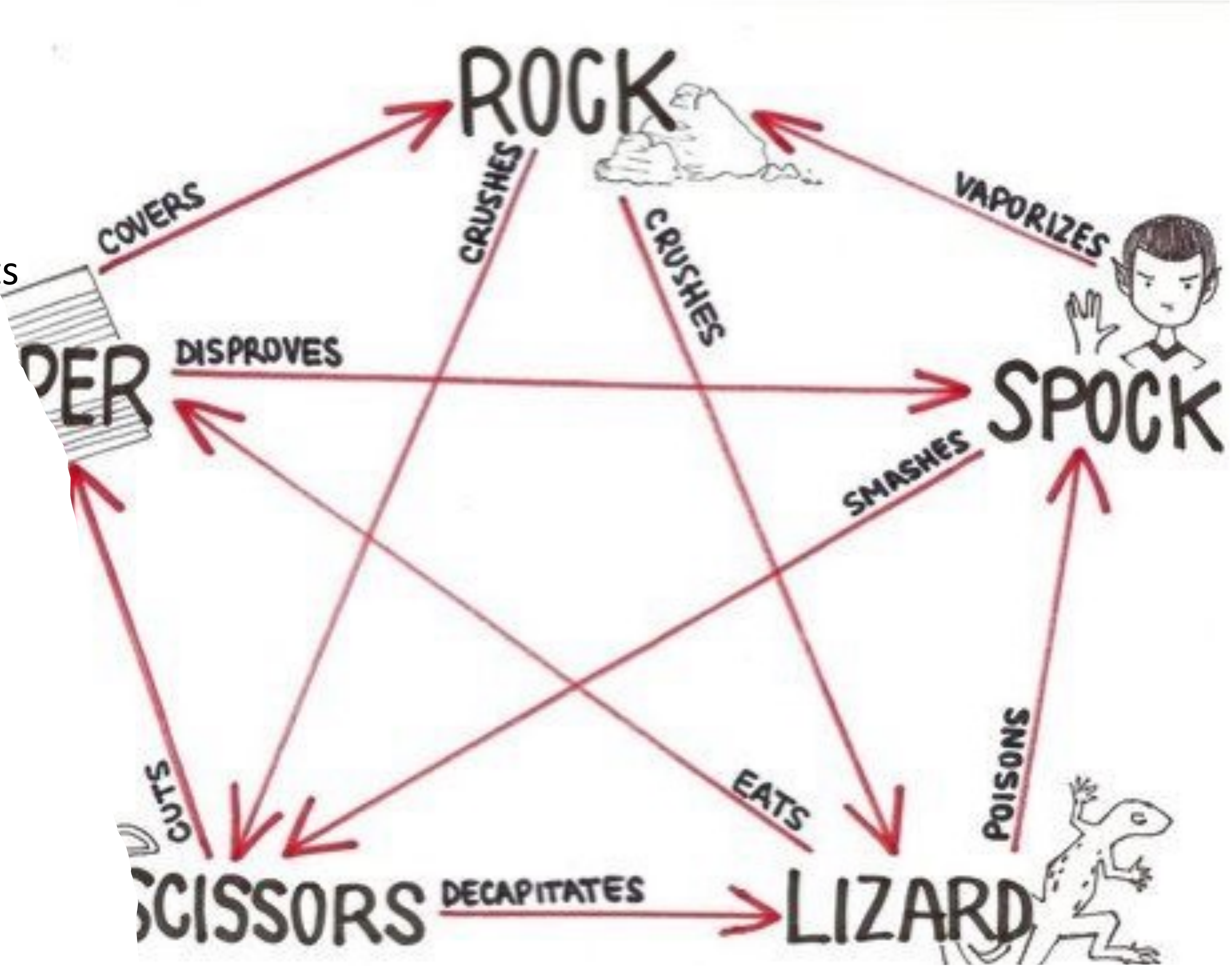
in a Lizard-Spock World

Helps you think differently about change … how to *change the game* to your advantage



Product Strategy

Product Leadership	Best Product
Customer Intimacy	New Products & Attributes
Operational Excellence	Supply Chain
Sustainable First	Mission Brand
Disruption	Change the Game for the Competition



What’s the Future of Dairy?

Naturally Trending Report

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Dave Lundahl
CEO InsightsNow, Inc.
Dave.Lundahl@InsightsNow.com