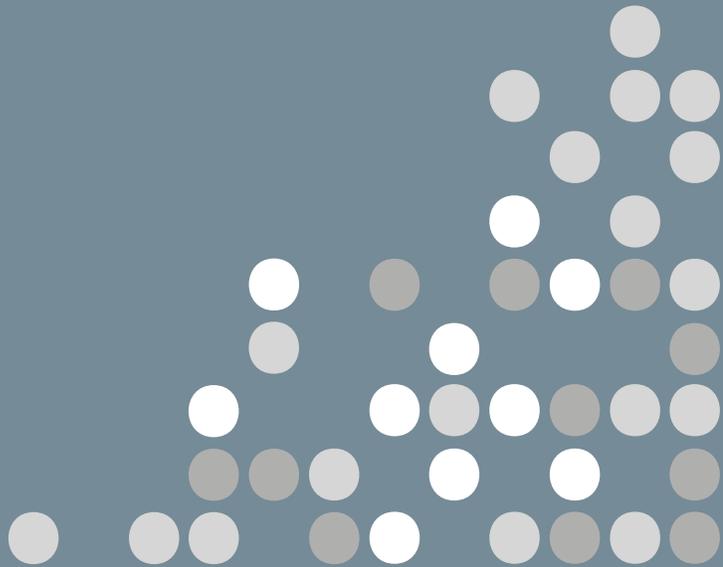




Unlocking Growth Through Health and Wellness





Introduction

Food & Beverage are the primary tools for the majority of Americans to manage their overall Health and Wellness ('H&W'). 1 in 4 Americans report using exercise to primarily manage their health and wellness, while 3 in 4 Americans do so through food.¹

Unfortunately, US consumers are becoming less healthy overall. For example, 9.4% of the US population is diabetic, and another 25% is prediabetic; obesity levels

continue to rise.² Healthier eating and nutrition are widely discussed in culture, yet 2 in 3 consumers are confused about which products to choose as healthy.¹

Helping consumers make better nutrition choices is clearly better for public health. It is also a critical growth strategy for brands and retailers as 2 in 3 shoppers are willing to pay a premium for healthier products.³

State of Health & Wellness¹

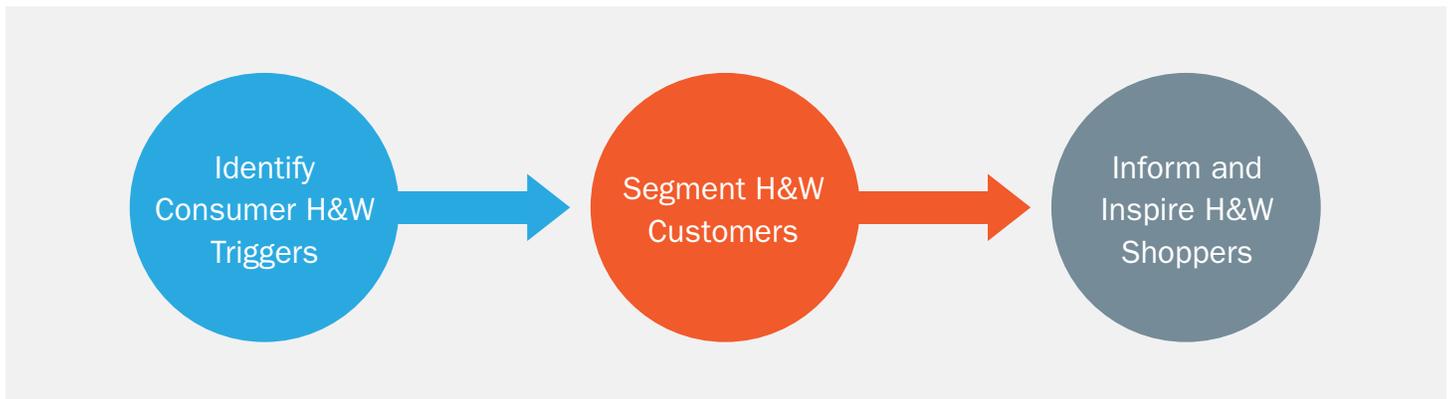


Harnessing Health & Wellness

We believe every manufacturer can unlock growth through H&W, but it requires greater focus on truly understanding consumer H&W triggers, identifying the consumer role of H&W at retail, and engaging consumers along the purchase journey.

In this growth paper, we highlight how manufacturers can simplify H&W choices, engage shoppers along the purchase journey, and partner with retailers to grow category and brand sales.

H&W Playbook





1

Identify Consumer H&W Triggers

A one-size-fits-all approach won't work as consumers have unique needs when it comes to H&W. Two segments of H&W consumers, Limiters and Seekers, are examples of how this is uniquely brought to life:

- 1) Limiters** restrict how much unhealthy food they eat and seek physical benefits from their diet. They look for specific macronutrients and take a measured approach to support managing their body.
- 2) Seekers** are eating natural and unprocessed foods regularly and are searching for help with holistic health and functional performance. They actively use food and beverages to enhance their physical and mental wellbeing.

Manufacturers and retailers need to understand consumer H&W motivations by segmenting and targeting consumers based on attributes and benefits they prioritize, as well as motivations and triggers that drive changes in behavior. Providing products and communication that resonates with the unique priorities of each specific segment is the foundation for growth.

Consumer Triggers

Limiters	Seekers
Help with diet and reducing the 'bad'	Help with holistic health and functional performance
Focus on managing their body's size, shape and weight	Focus on maintaining lean muscle and want foods to support mental performance

2

Segment H&W Customers

Manufacturers must understand the H&W development of their customer set to inform how they engage with retailers. Many retailers are looking to connect to growing H&W trends, but need help to do so in a way that is right for their shoppers.

Manufacturers should build a H&W retailer segmentation to inform how to position their portfolios and advise retail partners on how to grow through H&W. This starts with both

- 1)** Identifying how important each H&W offer is for a retailer's shoppers
- 2)** Identifying how shoppers rate retailer performance on this offer

Understanding the intersection of importance vs. performance helps manufacturers prioritize investment and customize recommendations for retailers based on a shopper-first perspective.

“ We need MFGs to tell us what is right way for me to be a H&W leader for our shoppers.”—Leading US Retailer



3

Inform and Inspire H&W Shoppers

To truly unlock growth, manufacturers need a deep understanding of the role H&W plays in driving behavior along the shopper journey. Given the high degree of confusion among shoppers around which H&W products are best, brands have the opportunity to educate consumers and influence their choices.

Manufacturers also need to work with retailers to support shopper activations and evolve in-store conditions in a way that provides much needed H&W information for shoppers and drives category growth.

Through this process, manufacturers can better leverage H&W insights to inform the right distribution of items, optimize the shelf set, determine which benefits & attributes to communicate through merchandising and optimize pricing opportunities.

“ Shoppers are overwhelmed by the choices in the grocery store and the lack of transparency on what is actually healthy. It’s hard to know what’s good for you these days as diet trends keep changing and the ‘healthy’ options in the stores keep expanding⁴. ”

“ It’s just product overload. There are tons of stuff in every single category. Everything is organic or inorganic or said to be ‘healthy.’ It’s hard to weed out what you should and shouldn’t buy⁴. ”

Conclusion

To drive growth through health and wellness, manufacturers and retailers need to start with the consumer, identify their H&W needs, understand what they aren’t getting today, and let this drive decisions along the shopper journey. Those with deep H&W insight will better delight consumers, shoppers and retailers, and unlock a significant new source of growth.

The Seurat Group is an insights-driven consumer packaged goods consulting and private equity firm whose mission is to delight consumers. We help our clients and portfolio companies by artfully integrating multiple lenses of insight to unlock new perspectives & uncover new growth opportunities.

We’d love to hear from you! To discuss any of these ideas further, please contact us at info@seuratgroup.com or visit us at <http://seuratgroup.com/>

²CDC.gov

³Seurat Benchmarking 2018

⁴Food Navigator and Bernstein