

# Winning with Insights in the Next Normal





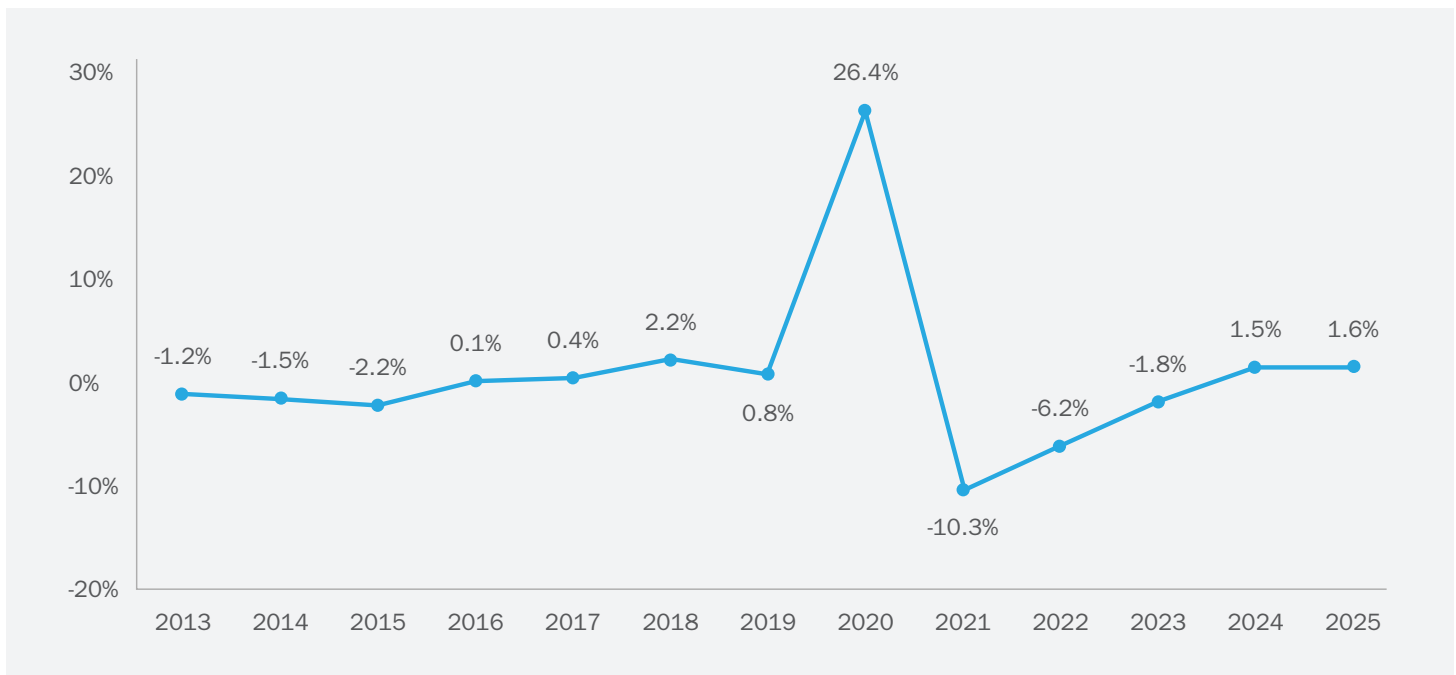
## Introduction

Long-held beliefs about the CPG industry have been flipped on their head since consumers rushed to stockpile essentials in March to deal with COVID concerns and restrictions. Big legacy brands, long seen as destined for permanent decline while smaller challenger brands drive growth, have enjoyed double-digit growth as consumers prioritize familiar staples and non-perishables. In just one example of a major reversal, canned soup sales jumped 26% after years of decline.

In response, Big CPG has optimistically declared that it is “back”. ConAgra CEO Sean Connolly said of the company’s sauce and frozen foods portfolio, “Products like ours are getting levels of trial that were not anticipated and that could turn into consistent users over time.”

However, as consumer needs evolve beyond dealing with immediate COVID-19 impacts, future growth is not guaranteed—or straightforward to predict. Looking ahead, canned soup demand is expected to soften to its previous trajectory. Meanwhile, other categories are poised to take a different course: translating COVID-19-induced sales spikes into sustained growth by tapping into long-term consumer trends.

### Example: Canned Soup Projected Revenue Growth



In order to realize transformational, enduring growth from consumer changes initially sparked or accelerated by COVID-19, it is critical for brands to take a consumer-first approach, developing predictive insight to understand how consumer needs will continue to evolve and what this means for their categories in the Next Normal.



## Consumer Behavior Model

### Is your brand's growth a result of pandemic panic, or tapping a long-term growth driver?

We take a structured, consumer first approach to understand how needs and demand have been impacted by COVID-19, and better predict which will be “sticky.”

Applying the approach across categories reveals opportunities for brands and retailers to better meet consumer needs and clarifies which opportunities will endure in the Next Normal.

	Canned Soup	Dry Beans
<b>COVID-19 Impact</b> 	Consumers prioritize benefits of shelf life & familiar, comfort food over concerns about processed ingredients / lack of freshness ✓	Consumers prioritize long shelf life & affordability over the drawback of time-intensive preparation ✓
<b>Next Normal</b> 	Return to regular grocery shopping heightens demand for fresh, real foods ✗	Continued shift toward plant-based diets aligned with category; adoption of pressure cookers & smart appliances mitigates prep issues for beans ✓
<b>Result</b>	<b>Pandemic Panic:</b> After a temporary spike in sales (+26%), category returns to flat / declining growth trajectory	<b>Growth Accelerator:</b> Dry beans continue to grow, building on consumption increases over the past 5 years
<b>What to Do</b>	<ul style="list-style-type: none"> <li>Conduct forward looking research to understand drivers of purchase &amp; category performance vs. other meals</li> <li>Reposition current offer and innovation to better align with long-term consumer trends</li> </ul>	<ul style="list-style-type: none"> <li>Leverage trial &amp; establish category as a regular plant-based meal solution</li> <li>Harness heirloom interest to further build demand and differentiate</li> <li>Build insight with leading-edge consumers to understand product role and expected future usage</li> </ul>

## How should brands and retailers respond?

It is important for brands and retailers to use forward-looking insights to understand why consumers are making decisions and anticipate how their needs will evolve in the Next Normal.

Brands and retailers should take the following steps to capture consumer demand in the next normal:

- 1. Map your brand's value equation:** identify whether it will remain relevant in addressing underlying consumer needs & pain points beyond immediate COVID impact
- 2. Learn from the leading edge:** Know which consumers represent the future of your category and prominently feature them in your research efforts
- 3. Stay connected:** continue to track consumer behavior & attitudes closely as they evolve; talk to consumers about their anticipated changes
- 4. Keep your eye on the horizon:** build conviction in where your category is headed, and don't let short-term disruption sway long-term strategy

Reach out to the Seurat Group for additional information on ways to build the forward-looking insight foundation and organizational conviction needed to support strategies that delight consumers in the Next Normal.