

20th September 2024



MARS x Kellanova

Is snacking better together?

The Shopper Point of View

The recent announcement that Mars will acquire Kellanova is certainly a bold move by Mars to further enhance their credentials and position within the snacking space. As has already been reported, this is something that immediately gives Mars a huge foot up in their ambitious to double snacking revenue in the next decade.

The acquisition opens up exciting opportunities for Mars to drive their snacking agenda, with the combination of both companies' powerhouse brands and the potential to quickly expand Mars' reach.

Plenty has already been written about the acquisition and what it may bring for the future snacking market and consumers, here at Shopper Intelligence we naturally thought we'd take a slightly different view and focus on what it could mean for the shopper!

The addition of categories like Breakfast Cereal, Cereal Bars and Crisps & Snacks gives Mars greater reach outside of the Confectionery aisle and perhaps new ways to innovate and combine much loved brands.

But is this something the shopper wants? As figure 1 shows, it's not necessarily the case across all the categories Mars will have a presence in and so a more nuanced approach will be required to ensure success.

Taking this category shopper comparative view tells us which might be the best bet categories for innovation, however not all shoppers within these categories will be buying (and consuming) for a snacking occasion.

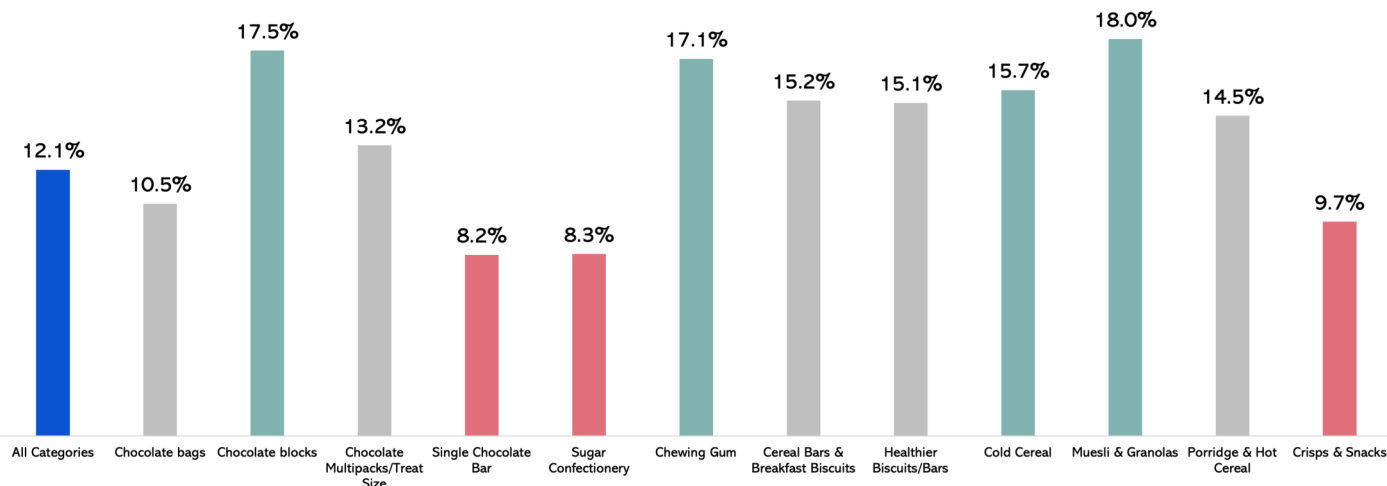


Figure 1: Shopper 'top priority' improvement – more innovation, % shopper requesting

What if we look at these 'snacking shoppers' specifically and consider what they deem to be most important to them when shopping across the store in general. This kind of understanding would enable Mars to gain greater leverage with retailers as they could demonstrate their detailed snacking expertise.

So, do 'snacking shoppers' want different things to the average shopper? Well, the data shows us perhaps 'yes' and 'no' is actually the answer to this question. Figure 2 shows what's important snacking shoppers, which can be seen to be very similar to the top priorities of the average shopper. However, dig deeper into other factors outside of this top 5 and we do see significantly more focus from snacking shoppers compared to average.

What do Snacking shoppers think is important?

..and what is significantly more important for Snacking shoppers?

	Snacking shoppers, top 5	Average category, top 5
1	Fresh	Fresh
2	Quality	Quality
3	Price	Price
4	Range	Range
5	Offers	Layout

- 1 Enjoy
- 2 Healthy Options
- 3 Innovation
- 4 British made
- 5 Sustainability

Figure 2: Top 5 most important factors, comparison; and factors which are statistically significantly more im-

Of note here are macro trends like Sustainability and Health – clearly a big priority for snacking shoppers and therefore a challenge for Mars Kellanova given current categories and available options.

Innovation once again rears its head in this list and certainly the newly created Mars Kellanova business will have opportunities here thanks to a new broader R&D network and the benefit of no shareholders to stifle potential.

As well as our previous view on where shoppers are asking for innovation (see figure 1) this also prompts another possible lens on NPD with a view of shopper satisfaction. This could prove essential for understanding where shoppers have issues with innovation and to ensure that investment takes the correct path.

Figure 3 shows how shopper satisfaction with innovation has change year-on-year and highlights a split performance across the two new sides to the Mars Snack business. Innovation in most Kellanova categories has clearly resonated well with shoppers – suggesting NPD execution in store has been more effective.

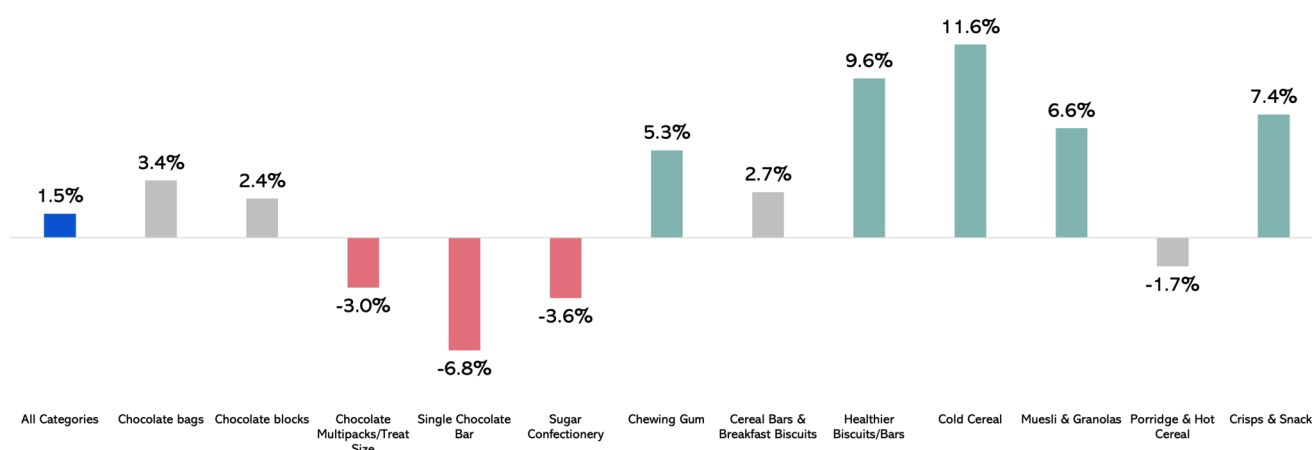


Figure 3: YOY % change in shopper satisfaction, 2023 vs. 2024

Focus then should be on areas where satisfaction has declined in the first instance, and perhaps the introduction of new categories and capabilities from Kellanova could help drive this in Mars’ core categories.

Of course, another aspect of NPD success, certainly initially, could be the initial offer and price presented to shoppers. With an increased portfolio of products and categories this has the potential to be an area where the new acquisition could benefit Mars. Increased buying power for raw materials for example could help keep prices competitive versus the market and enable a market leading position.

If efficiencies can be made then Price may be one mechanic to consider, and once again here we should remember what the shopper wants in order to maximise any investments. For example, there will be some Mars Kellanova categories where Price is significantly more important than in others – illustrated here in figure 4.

1	Chocolate Multipacks/Treat Size	7	Crisps & Snacks
2	Chocolate blocks	8	Healthier Biscuits/Bars
3	Cold Cereal	9	Chocolate bags
4	Muesli & Granolas	10	Sugar Confectionery
5	Cereal Bars & Breakfast Biscuits	11	Chewing Gum
6	Porridge & Hot Cereal	12	Single Chocolate Bar

Figure 4: Mars Kellanova categories ranked in order of how important Price is to shoppers

Of course, it will be important to focus investment in the right categories to receive the biggest impact and to leverage all relevant touchpoints in store to deliver this to shoppers.

One challenge that could especially be levelled at Mars with the addition of the Kellanova portfolio is that of the Health agenda. Undoubtedly over recent years this has become more of a focus for consumers and in turn something shoppers increasingly look for in store.

The pressure of legislation like HFSS and the need to maintain competitive pricing like we’ve just talked about above, could be at odds with each other as so-called ‘healthier’ reformulations are expensive to develop and consequently need a higher price point.

So, as well as knowing where shoppers are most likely to want new ‘healthy’ options, it’s also important to understand if they’re willing to pay for it – this could avoid costly mistakes and provide much needed empirical evidence to support retailer ‘buy-in’.

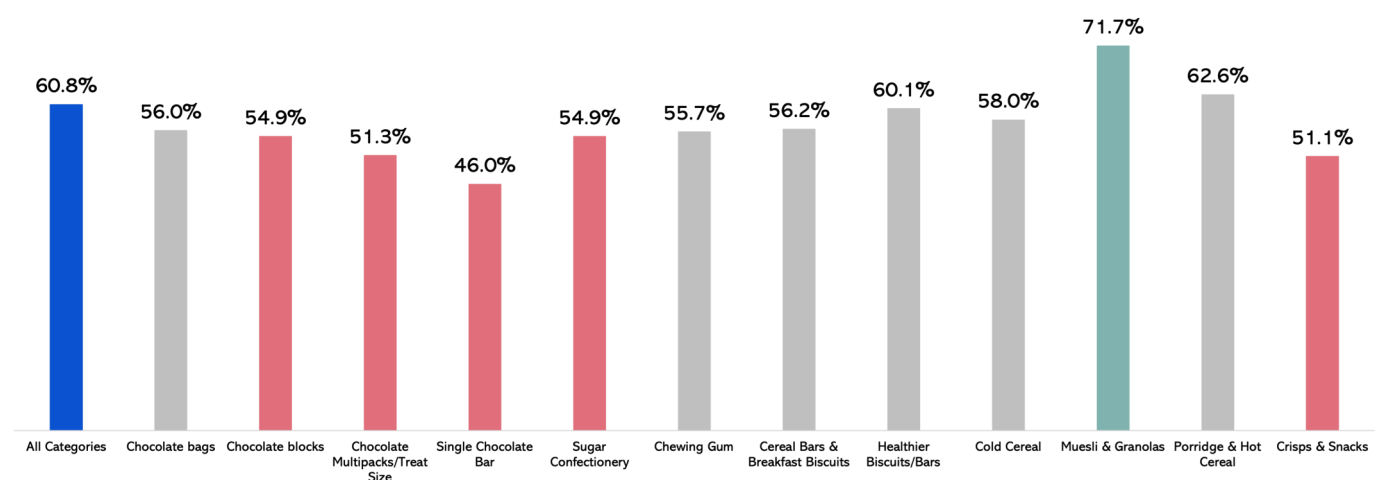


Figure 5: % of shoppers willing to ‘pay for healthier options’, Mars Kellanova categories

As figure 5 shows, herein lies the challenge for Mars moving forward – the vast majority of its categories are below the store average (often significantly so) when it comes to willingness to pay extra for healthy.

It may be the case that other strategies will be more successful for Mars and so the question becomes which route to take. Once again this presents a new challenge for Mars as the extended portfolio of snacking categories requires a broader understanding of the snacking shopper in general.

Effectively demonstrating this will not only support these strategic plans, but will also enable a better relationship with retailers, positioning Mars as snacking experts and aligning with long term plans.

Figure 6 shows just how different the snacking shopper is on some selected Shopper Intelligence mindset metrics and presents some initial evidence that they will need to be treated differently in order to succeed. Clearly secondary display will be a major lever for these types of categories – shown in the huge difference on ‘temptation’, meaning a likely significant in-store investment to stand out for shoppers.

	Average shopper	Snacking shopper	Difference
PROMOTIONS: Often buy extra	37%	49%	+12%
INNOVATION: New Different Buy More	45%	59%	+14%
PREMIUM: Don't mind paying more	47%	54%	+6%
TEMPTATION: Buy because I feel like it	33%	56%	+23%

Figure 6: Selected Shopper Intelligence mindsets, agreement scores vs. average shopper

One final ‘watch-out’ for Mars may actually stem from this example approach to understanding the ‘snacking shopper’. Here at Shopper Intelligence, we know the importance of comparison and benchmarking to identify the uniqueness an individual category can have and thus the tailored approach each of these categories may require. So, developing plans and strategies at a ‘snacking shopper’ level isn’t necessarily going to deliver for all the associated categories.

We need to dig deeper, understand the role each individual category plays for shoppers and the store, and adapt strategies accordingly.

Figure 7 shows the diversity of the Mars Kellanova categories when mapped onto the Shopper Intelligence Category Role matrix which provides a sense of how core a category is to the trip and how engaged shoppers are in shopping for it. Across these critical axes we see a broad mix of roles for Mars categories and so a requirement to develop tactics and plans more specifically becomes clear.

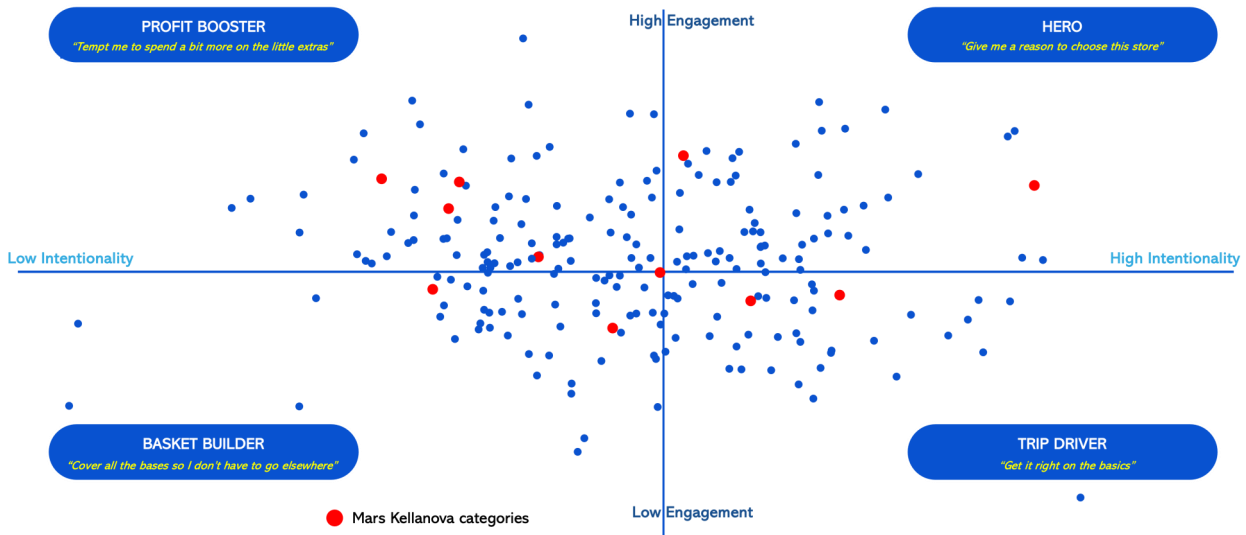


Figure 7: Shopper Intelligence Category Role matrix, Mars Kellanova categories

To summarise briefly, across this article we've shared a number of different aspects that will require attention:

- A broader reach of categories opens up new innovation opportunities – but does the shopper want them? Its key to identify where the shopper demand is and where satisfaction is already low
- Knowing what the snacking shopper wants may well be key. A new bigger portfolio means a bigger opportunity to influence at a macro level
- The price agenda will always be high priority for retailers and a new larger company could see increased pressure here – context across categories will help drive investment and trade discussions
- A bigger portfolio across snacking also means a bigger exposure to risk (more categories in play), this could prove a challenge when retailers work to drive macro trends like health and sustainability – even more reason to know where the shopper stands on these factors
- With a new category reach the importance of developing an understanding of category roles will become critical to ensure the appropriate strategies and tactics are employed for each category

We hope this discussion has brought to light a few new considerations, not just for Mars as they begin to tackle the acquisition of Kellanova, but for anyone attempting to develop their shopper understanding and identify the types of issues that may be relevant and could support a more effective shopper and category strategy.

At Shopper Intelligence this is what we live and breathe every day, it's what we're best at and above all we recognise that one size never fits all. We bring you the knowledge and expertise to help you build your shopper capability, no matter where you are on your shopper insight journey – enabling you to deliver with impact for your brands and your retailers.

Whatever the need, big or small, at Shopper Intelligence we're your shopper partners and we're here to help.