

THE SNACK HACK

WHAT YOU NEED
TO KNOW ABOUT
MODERN CONSUMER
SNACKING CULTURE



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About FutureCast®

FutureCast® is a marketing consultancy that specializes in Millennial and Gen Z trends and modern consumer behavior. We literally wrote the books on it. “Marketing to Millennials” and “Millennials with Kids” are top-selling marketing books that have renovated businesses all over the world. We utilize our deep understanding of the Millennial Mindset® audience and a proprietary typing tool to help brands identify their unmet consumer needs across generations fueled by Millennial cultural trends to unlock their greatest opportunities for activation.



About Barkley

At Barkley®, we take pride in future-proofing business models and modernizing iconic brands. However, we are more than an ad agency. We are integrated business partners who are analytic and innovative at the core, using data to drive marketing conversation and strategies. This culture of innovation allows us to partner with our clients to create the solutions of the future. Our emerging technology innovation practice has built and deployed new technologies that create more engagement with the savviest generation of consumers we've ever seen.



INTRODUCTION

With 94% of Americans snacking at least once per day¹, it's no wonder that snacking is the greatest growth driver of the entire CPG industry today. In fact, the industry registered its strongest growth in four years thanks to what were primarily snack brands.² This presents a major opportunity for packaged food retailers as brands are vying for a spot in the snacking space.

Just like nearly every other industry across business verticals, Millennials are the consumer segment these brands are after. It makes sense considering Millennials are the largest group of snackers in the United States today. They are more likely than any other generation to snack, and one in four are considered "Super Snackers" as they snack four or more times in a single day.³

Why the emphasis on snacks for these consumers? Unlike generations before them, Millennials find function in snacking, whether psychological or emotional:

- **78% say it keeps them full between meals**
- **64% say it's an affordable way to replace meals**
- **56% say it's to satisfy a craving**
- **39% say it's to get energy**
- **29% say it's because it's available**
- **27% say it's because they are bored**
- **20% say it's healthier than eating three large meals a day**
- **17% say it's because they are stressed**
- **14% say it's because they are too busy for traditional meals**



For Millennials, snacking is a necessity and as a result, the dominant meal of their day is not a meal - it's a snack.

Snacking now accounts for 50% of all eating occasions⁵, effectively blurring the lines for businesses throughout the industry. For the brands hoping to resonate with these consumers and plant a firm stake in the ground, there are three key things they will need to understand:

- 1. Cultural trends defining the Millennial snacker**
- 2. The snacking category landscape**
- 3. The Millennial Mindset®**

This report is filled with the most valuable data from our own proprietary FutureCast/Barkley research and that of credible third-party firms to guide brands on this journey to success.



CULTURAL TRENDS DEFINING THE MILLENNIAL SNACKER

There are several cultural trends driving this rapid growth in snacking among Millennials. It is imperative for brands to have a firm grasp and understanding of these trends in order to build a solid foundation of growth.

01 Self. Society. Planet.

This is the new lens consumers are looking through when making snacking purchases. Every brand must understand what it is doing to improve:



Self

Consumers ask, how is the food I'm buying enhancing the quality of life for my family or myself? How does it reduce negative impacts on my well-being?

Society

Consumers ask, what good is the company contributing to the broader community it serves? This includes cause programs, employee wages, manufacturing statements, employee policies, community support and more. Great brands are Conscious Capitalists that make a profit while creating value for all stakeholders.

Planet

Consumers ask, what good is the company adding to the world in which we live? Conversational efforts are steadily moving beyond what is in products to more eco-social issues such as land practices, animal handling and the management of water, energy and waste. Mintel research confirms that food shoppers are as concerned about food waste as they are about packaging waste. This is because food waste is both a global and personal issue. Food that is eaten rather than thrown out is money well spent rather than wasted.



So, who does this impact? The Center for Food Integrity reports that manufacturers carry the biggest responsibility for delivering in the areas of Self, Society and Planet, followed closely by farmers. In comparison, grocers, restaurants and other food retail stores carry significantly less responsibility.

However, the Millennial generation is the “prove it” generation. These consumers will never take your word at face value. Millennials expect proof of Self, Society and Planet starting at the brand level reaching all the way back to the manufacturer, meaning that it matters throughout the market. For brands to ignore this would be a miss. Instead, they must embrace the new standard that the Millennial generation has implemented. It’s not just about talking the talk; brands must prove how they are having a positive impact on Self, Society and Planet.

Additionally, proof is required to support any claim being made by brands. This means that everything a brand does must ladder back to the greater purpose the brand delivers within the Self, Society and Planet paradigm. Think about backing every claim in this way with a *why*:

1. Policies: What you say
2. Practices: What you do
3. Performance: The impact you have
4. Verification: Your outside authority on monitoring and validating

Once this foundation is built, packaging becomes the key message carrier — emphasizing the good by explaining the benefits and taking out the perceived bad. These stamps of approval save consumers time when digesting the magnitude of possibilities and information at hand.

Value VS. Values

Millennial consumers are savvy. They have grown up in an age where lower wages have put pressure on the foods — and snacks — they can afford. Our research shows that these savvy Millennials look at every food purchase through a lens of “value” versus “values.” There are some purchase occasions where the value defined by good quality at a good price will do just fine. Private label brands tend to win out with these purchases.

However, that is not enough. Great brands are providing more than just a value benefit, they are aligning with Millennial consumer values — and by values we expressly mean a set of beliefs. When a brand can come in and become a badge that represents the things Millennials care about, it beats the competition that is solely focused on value — and they are willing to pay the premium for those brands.

VALUE	63% Store brands and other private label brands are a much better value for my money.	IMAGE	51% I buy brands that reflect my style/personality
IDENTITY	60% Store brands or other private label brands are just as good as name brand products.	PRICE	33% I would pay extra for a product that is consistent with the image I want to convey.



02 Binge Living



Millennials live on the extremes in every aspect of their lives. They will work out every day of the week only to reward themselves by happily binge-watching 10 hours of "Game of Thrones" from the couch on the weekend. Or, they may unplug from their social accounts while with friends only to scroll through their Instagram feed for hours later in the day to catch up on what they missed.

This is no different when it comes to snacking.

Living on the extremes means snacking on the extremes and this is typically shown in the difference between morning and evening snacks. Brands must realize this as they look for innovation opportunities in flavor profiles and portion size, as well as when developing products to meet the emerging needs of a single consumer who partakes in various snacking occasions.

03 Flavor Adventure



Millennials have a large appetite for adventure and flavor adventures fit within their experience framework. It can create an emotion, inspire a sense of travel or provide an opportunity for exploration. These experiences range in magnitude and price but all have one thing in common: they are not just a commodity that can be packaged and sold on a store shelf. Rather, they enable Millennials to co-create, participate and experience a brand. As brands begin to offer more experiences, consumers begin to capture those moments as another form of currency — experiential currency. This is defined as the non-financial social assets that modern consumers use to determine market worth. The more currency a brand provides, the greater the value. As a result, Millennials' quest for adventurous flavors is much higher than with previous generations.



BOOMERS	GEN X	MILLENNIALS & GEN Z	
PLAIN / BORING	ORDINARY MADE SPECIAL	FOOD ADVENTURES	WILD ADVENTURES / EXPERIMENT
Something everyone will like.	A safe change of pace from the ordinary	Taste and enjoyment more important than health	Typically the trendsetter who's looking for an "experience" they can share with friends

While more experimental than other age groups, there is still a range to Millennials' sense of adventure when snacking. A big contributing factor to the extent of this is the occasion. Flavor adventure tends to shift based on the "who." Who am I buying this snack for? Who will be eating this snack with me? Or will I be eating it alone?

Millennials tend to take less flavor risks when snacks are being consumed as part of a larger group, especially when children are involved (it's no myth that kids tend to be picky!). More adventurous flavors are most often reserved for personal consumption or when on-the-go.

The Cultural Takeaway

The biggest disruptors in the snacking category tend to approach innovation from one or more of these cultural insights. Also important to note — many of these emerging brands are coming in as outsiders to the category. These emerging brands are breaking category norms — and succeeding. It's important to ask the question, what do consumers hate about my category? Then answer how the brand can address these frustrations. The answer to this question should be what motivates you to think outside the box and explore new innovative options to reinvent the brand for a new audience.



Boba Guys, a specialty shop focusing on Boba/milk teas, is one great example. It became a leader because of its focus on Self, Society and Planet. Boba Guys features only organic house-made syrups with no artificial ingredients or flavors, it offers full transparency of non-GMO product sourcing and it receives consistent four-star reviews for its customer service and attention. In fact, the brand's business strategy can be boiled down to just three words: quality, passion and transparency.



Brands hoping to find success in the snacking space must act like a startup and look at the category differently by having a bigger purpose that guides everything they do. After all, this is not just a trend in snacking. It's the way of its future (see Figure below for CBInsights' illustration of brands that are disrupting the market by thinking big and outside of the box).



(credit to [CBInsights](#))

UNDERSTANDING THE SNACKING LANDSCAPE

In conjunction with being aware of the cultural drivers of Millennial snacking behaviors, brands must also grasp the entirety of the snacking landscape.

Competition

First and foremost, it's not as simple as just "snacking." For brands looking to capture their fair share of the snacking category, it's critical to understand the true competitive environment — one that includes a vast variety of potential competitors thanks to the fact that, according to Mintel, 70% of Millennial snackers consider anything to be a snack these days.

This landscape has no lack of possible snacking options, and contrary to popular belief, consumers aren't screaming for more because there are already so many possibilities. As a result, the competitive marketplace has completely opened up and brands in the space need to look at all categories and brands as direct competition. For example, while a Boomer would consider a slice of leftover pizza a meal, a Millennial may grab it as a quick afternoon snack. This disassociation with daypart and food type proves that Millennial snackers are open to different types of food than what was traditionally considered a snack.

Occasion

In addition to understanding competition, brands must discover the full context of consumers' snacking occasions to compete effectively. These snacking occasions consist of:

WHERE

Home/indoors, home/outdoors, work, commute

ACTIVITY

Watching television, socializing, exercising, working

WITH WHOM

Alone, children, small gatherings, large groups

TIME OF DAY

Early morning, mid-morning, lunch, mid-afternoon, evening, late night

NEED

Nourishment, satisfaction of craving, relaxation, reward, meal replacement



Time of Day and **Need** occasions prove to be particularly important within the overall snacking category for brands just beginning to explore their full potential, as the two together provide significant insight into potential snacking choices of consumers.

With this in mind, use the chart below to begin thinking about how you can map which consumer needs your brand fulfills against the occasion in which Millennials are snacking.

		TIME OF DAY					
		EARLY MORNING	MID-MORNING	LUNCH	MID-AFTERNOON	EVENING	LATE NIGHT
Functional S O D A S E M I E M O T I O N A L	NOURISH						
	REPLENISH/RECOVERY						
	ENERGY						
	DE-STRESS						
	SATISFY HUNGER						
	COMFORT						
	RELAX/INDULGE						
	CONNECT/FAMILY FUN/ NOSTALGIC/REWARD						
	SPECIAL INDULGENCE						

Once brands are fully aware of the snacking landscape they should be able to ask and answer the following questions:

1. Who is my main competition?
2. Who are my indirect competitive alternatives?
3. Why are consumers snacking?
4. When are consumers snacking?

Understanding these important dynamics can create a picture of the market as a whole and provide direction that will inform brand positioning, messaging and the right roadmap to innovation.



THE FUTURE OF CPG SNACKING: THE MILLENNIAL MINDSET®

While understanding the cultural insights of Millennial snackers and subsequent changes regarding competition and occasion in the snacking landscape is key, it is an understanding of the overarching Millennial Mindset® that will allow brands to take the first actionable steps necessary to drive success moving forward. We know that Millennials are the most influential group in our market today and their behaviors are influencing consumers up and down the generational line. This influence is what we are referring to when we discuss the Millennial Mindset. For example, a 50-year-old man may not be a Millennial as defined by his age, but he is still just as committed to tracking his everyday activity on his Apple Watch as his 24-year-old son.

However, quantifying this influence and relating it to sales growth and brand preference to get the greatest ROI has been a challenge for many brands — specifically those in the CPG and snacking categories.

We developed our Millennial Mindset mapping tool with this in mind. We took what we knew about Millennials and extended it to the general population between the ages of 18 and 65 and found that six dimensions (Social Circle, Self, Innovative, Trusted, Purposeful, Accessible) emerged among consumers that stem from Millennial behaviors and attitudes.

Understanding the Mindsets

<p>Trusted</p>  <p>Puts Consumer Needs First</p>	<p>Social Circle</p>  <p>Conversational & Participative</p>	<p>Self</p>  <p>Emotional Connection</p>
<p>Innovate</p>  <p>Reinventing</p>	<p>Purposeful</p>  <p>Adding Good</p>	<p>Accessible</p>  <p>Simplifies my Life</p>





For brands aiming to connect with modern consumers, building trust is the first step. That requires authenticity and transparency. Today's consumers have more access to brands than any generation before them thanks to the internet — meaning they will find out about and get to the bottom of anything that pops up about a brand. As a result, brands cannot hide behind empty excuses or vague responses. Trusted is important for brands because the ones that are most transparent and authentic and willing to prove they care more about customers than their bottom line are going to reap the benefits.



When brand marketers hear the word “social” they tend to think solely of social media. This is not always the case. While social media is a powerful tool for brands in today's digital age, the real value of a social circle is much more. Social Circle refers to the team of advisors that modern consumers have built for themselves that stem from a consumer's social networks to their personal relationships. Consumers tap these circles to gain insights, inform opinions and get recommendations on anything and everything, from where to grab dinner to which doctor to choose.



It's no secret that building an emotional connection with the audience is a step toward great brand performance. Brands that reflect customer lifestyles have a greater likelihood to earn a better overall Millennial Mindset score because the consumer sees himself or herself in the brand. When a consumer feels that a brand understands them, recognizes them for who they are and provides outlets for further self-exploration, he or she will reward that brand. Self is important for brands because those that help consumers have more fulfilling lives through customized experiences and utility will win.





Innovative

Modern consumers crave the novelty, efficiency and quality that come with product innovation and advances. They seek out the brands that they identify as innovative based on their constant effort to improve and reinvent themselves in addition to their effort to make consumers' lives easier and, therefore, better. Innovation is important for brands because those who are constantly in beta will drive interest and engagement across consumer segments.



Purposeful

Millennials and consumers across the board are looking for brands that add goodness to the world and commit to making our planet a better place for all. Because of this, brands are required to acknowledge the new triple-threat bottom line that exists: place, planet and profit. The modern market has no place for the businesses that only seek out the numbers. Purposeful, or Meaningfulness if you prefer, is important for brands because today's consumers favor brands that help them make their communities better and offer them the tools necessary to create positive change within them.



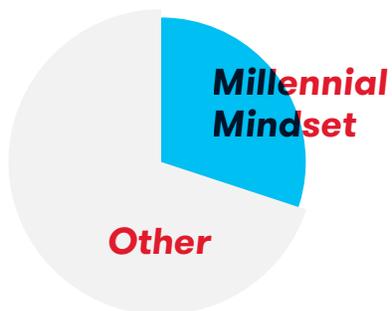
Accessible

No matter what, consumers are not interested in brands that are hard to find and don't easily fit into their lives. Modern consumers want access to brands across both physical and digital channels with a seamless transition between the two. As a result, accessibility is the biggest stated driver of importance across industries to Millennial Mindset consumers. Accessible is important for brands because consumers prefer those that create more ways to simplify their lives based on the Millennial generation's big idea: Useful is the New Cool®.



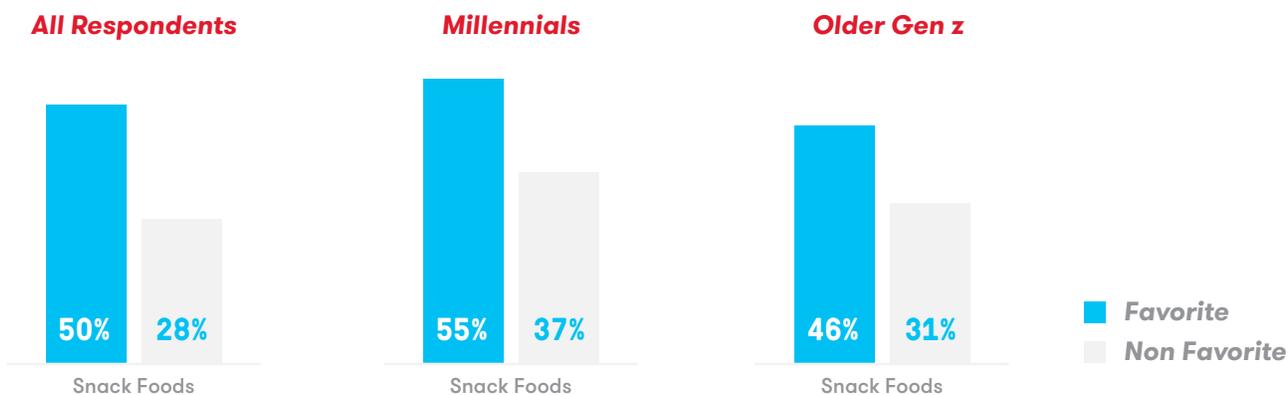
Using the Mindsets

So, how does the Millennial Mindset impact the snacking category? The answer is twofold:



1. The Millennial Mindsets influences nearly 30% of brand preference for snack brands. Assuming other market factors are at parity, the Millennial Mindset is what enables brands to stand out in the midst of a saturated marketplace.

2. Snack brands that score higher on the mindsets are more likely to be considered favorite brands and achieve greater loyalty in comparison to those that score lower.



However, this is just the big picture. We already know that Trusted is the first step in building consumer relationships. It also is highly important to snacking based on the cultural insights impacting the category. But we determined through our research that Innovative and Social Circle were ranked as the dimensions that matter most when determining brand preference.

For **Innovative**, the first priority is to realize that consumers want to:

- Be inspired
- Try new things
- Create
- Be pleasantly surprised

The good news is that snack brands today are doing decently well when it comes to Innovative. The bad — no, let's say the motivating news — is that many snacking brands are not performing as well when it comes to Social Circle. In fact, this is the mindset in which snack brands score the lowest among all consumers.

While innovation may sustain a brand for the foreseeable (and perhaps limited) future, it will be mandatory for them to determine how to increase their score on the Social Circle mindset if they hope to obtain sustainable success over time with modern consumers.

When it comes to **Social Circle**, snack brands must keep in mind that consumers want to:

- Share experiences with others
- Tell their friends about brands
- Converse and participate with brands
- Find brands that reflect themselves

According to Mintel, consumers are also more likely to try a brand that is recommended to them. That is a clear indication of the value of Social Circle.

This is because we are living in a new consumer market where target audiences need to be consistently re-evaluated and updated. Today's market is lead by a group of like-minded consumers who may range in demographics and backgrounds but who are within the same mindset. This drives brand performance across industry verticals.



Next Steps

As a brand, now is the time to ask the right questions within the framework of snacking cultural trends, the snacking landscape and the Millennial Mindset to ensure resonance with the largest consumer group of snackers ever. This is particularly essential as the snacking category is quickly growing into saturation with no sign of slowing down.

As a brand leader, ask yourself:

Trends

- Have you clearly defined your point of view on Self. Society. Planet?
- How are you communicating and tracking your claims and proof?
- What are you doing today to capitalize on Millennial snacking characteristics?
- How are you acting like a startup?
- What values drive your performance?
- What is your bigger purpose that aligns with your consumers' beliefs and values?

Snacking Landscape

- Have you mapped the category landscape?
- Do you understand where your brand plays, what your competition owns and where your opportunities are for growth?

Millennial Mindset

- Which Millennial Mindset matters most to your brand?
- What are you doing to activate the right Millennial Mindset for your brand?



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