

Creating **VALUE** *in a* **SHOPPER'S WORLD**

A guide to unlocking your **snacks retail potential**



HERSHEY 

RETAIL ROADMAP

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When we partner with retailers, we put the shopper at the center of everything we do. This shopper-first mindset has been our core ethos since the day I stepped onto the retail floor representing Hershey 23 years ago. Now in its third year, our “Creating Value in a Shoppers’ World” report confronts an industry continuing to sprint forward, through transformative technology, elevated retail services, new fulfillment models and unique product offerings.

I’m beyond the point of wondering if the pace will ever let up. I know it won’t, and I’m glad. This transformation means incredible opportunity for retailers and manufacturers to grow together.

Every retailer—big and small—is experimenting with new strategies to drive store trips, build shopper baskets and create long-term loyalty. As I spend time with Hershey’s retail partners—in all classes of trade—I’m seeing everyone double down on using shopper data to inform growth-oriented strategies. Everyone is asking, “What is it that our shoppers expect from us now, next and in the future?”

We’re doing the exact same work at Hershey. Our Retail Snacking Experience Team (ReSET) has translated insights from proprietary shopper research into snacks retail actions that address shoppers’ needs as they move seamlessly between online and in-store shopping.

“Growing in today’s complex retail environment requires unprecedented cross-functional collaboration and partner data sharing.”

We’ve uncovered a simple shopper value equation and turned those insights into snacks retail fundamentals that define a pathway for unlocking untapped potential. In the report, we also share our experts’ points-of-view and recommendations on what to do, and how to do it. Growing in today’s complex retail environment requires unprecedented cross-functional collaboration and partner data sharing.

As a 125-year-old consumer goods company, our long-standing relationships are built on trust. We share a deep understanding of how, why and where people snack and a unique, category-first approach to joint business planning. This report is intended to share some of the insights and solutions we think are most relevant for retailers today and for us to continue a more detailed conversation the next time we meet.



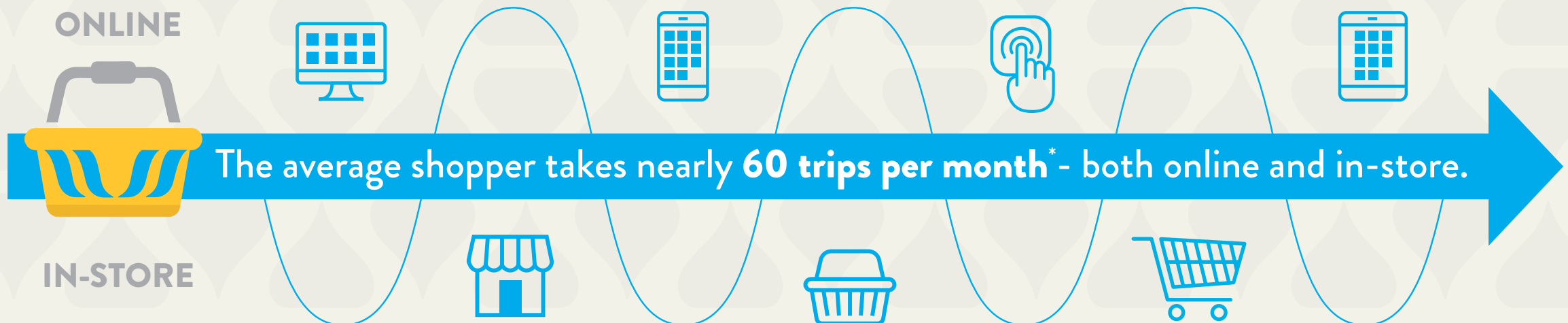
Phil Stanley

HERSHEY’S CHIEF CUSTOMER OFFICER

ACKNOWLEDGE COMPLEXITY

There are more options than ever before in our shoppers' world. Every day brings new experiences to their online and in-store journeys, and creates a more complex landscape for them to navigate.

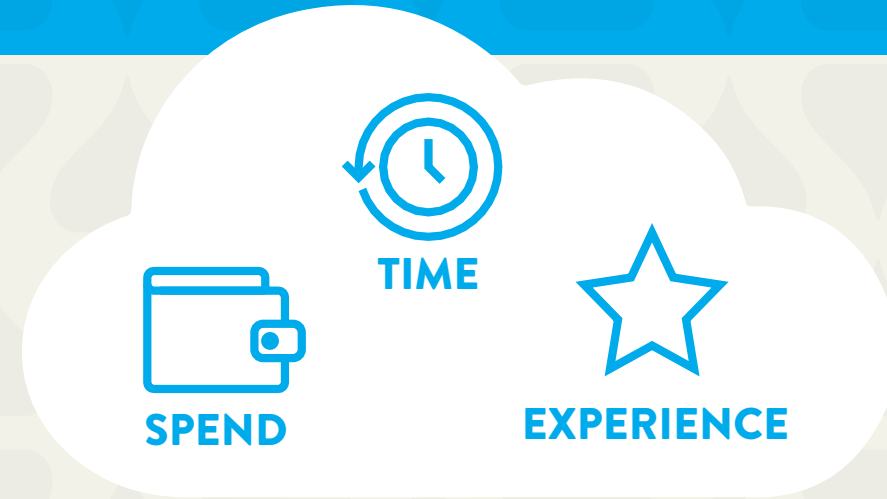
- Shopping complexity has led to retailers striving to be simple
- Shoppers are looking to retailers as guides in both their digital and physical shopping trips



DRIVE VALUE WHEN AND WHERE IT MATTERS

Introduction 

To navigate this complex landscape, consumers select their retailer based on a value equation consisting of three main components:
SPEND, TIME, AND EXPERIENCE.

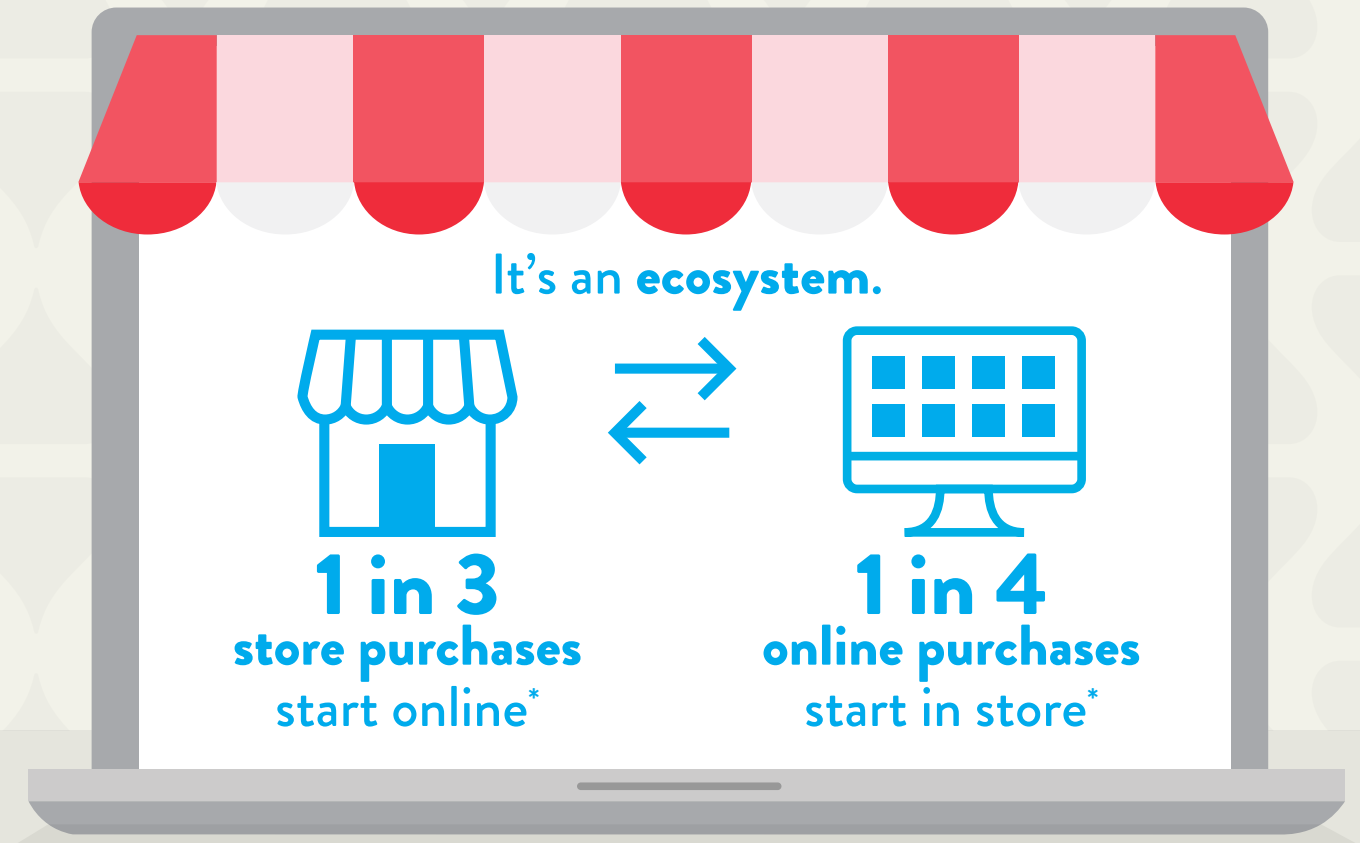


- Shoppers visit **17 retailers a month** on average, but only 12% consider other retailers for each particular trip*
- Shoppers build specific loyalties toward retailers for specific trips based on how well they satisfy the **value equation**



LOOK AT THE BIG PICTURE

Having a total-commerce approach that transcends time and place is essential for integrating digital and brick-and-mortar shopping, as consumer expectations are adapting to technological advancements. When you build your foundation with this shift in mind, you're on your way to unlocking your retail potential.



SHOPPING FUNDAMENTALS

Throughout this report, we'll dive into three fundamentals for successful, seamless integration of digital and physical shopping—**findability, engagement, and personalization.**

The key to each of these fundamentals is responsible collection, analysis, and implementation of shopper data and insight.

Now, let's explore the shoppers' point of view and hear what they have to say:

1. *Findability*



"Did I find what I was looking for?"

2. *Engagement*



"Did it catch my attention?"

3. *Personalization*



"Was it tailored to me?"

1. Findability



FUNDAMENTALS

- INTEGRATE DIGITAL AND PHYSICAL NAVIGATION, SEAMLESSLY
- SIMPLIFY SEARCH TO BUILD BASKETS
- SATISFY THE SHOPPER AT CHECKOUT



“Winning how the consumer searches—in-store and online—is key to winning the sale.”

David Nolen

VICE PRESIDENT, CATEGORY MANAGEMENT

“I shop in stores and online, and I should be able to find products easily in both places.”





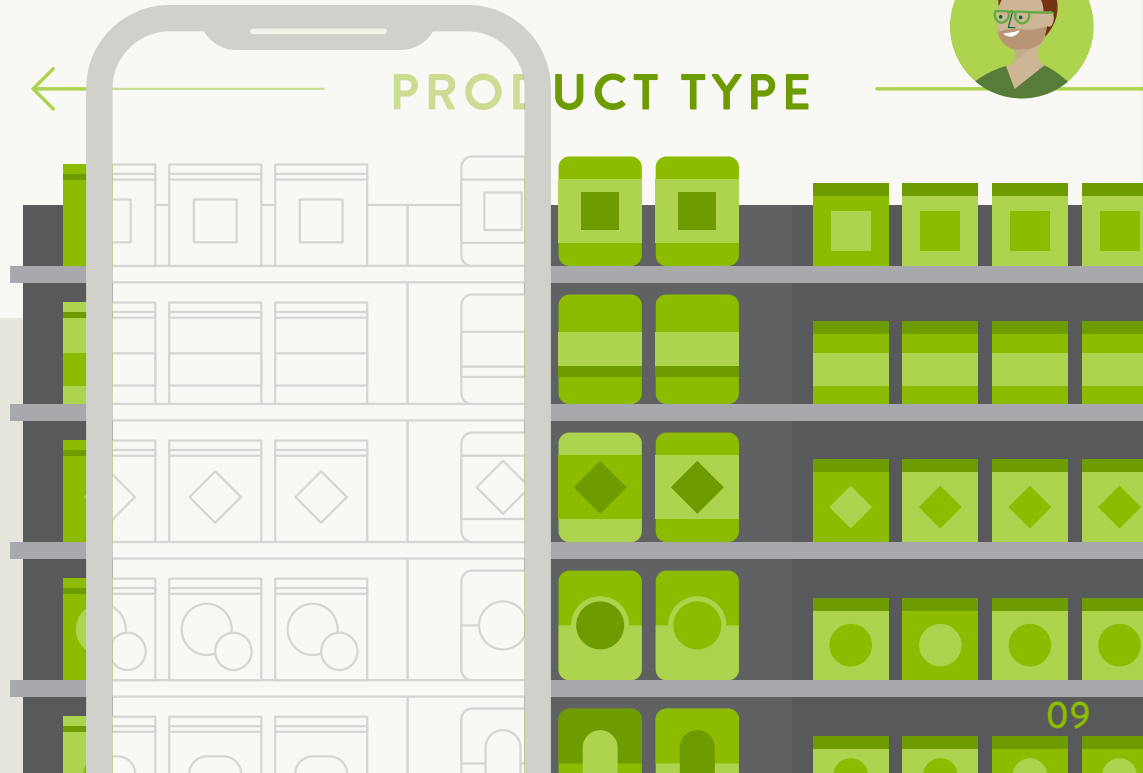
INTEGRATE DIGITAL AND PHYSICAL NAVIGATION, SEAMLESSLY

- Navigation helps consumers browse the digital and physical shelf
- Improve navigation through aisle flow, usage occasion and brand placement
- Make in-store and online experiences cohesive



Consumers search for candy by **product type**, **flavor**, and **brand***

“Finding what I want easily and consistently is really important to me. I don’t want to waste time scrolling through lots of web pages or wandering aimlessly through aisles to find what I want.”



“Visualize your shopping experience in the physical store and begin to design a similar experience in your online platform. Transposing aisle flow and shelf organization from the physical world to digital environments is key to creating a seamless experience.”

Brad Santanna

TEAM LEAD, DIGITAL COMMERCE

*SOURCE: Hershey Month in the Life of a Shopper 2019

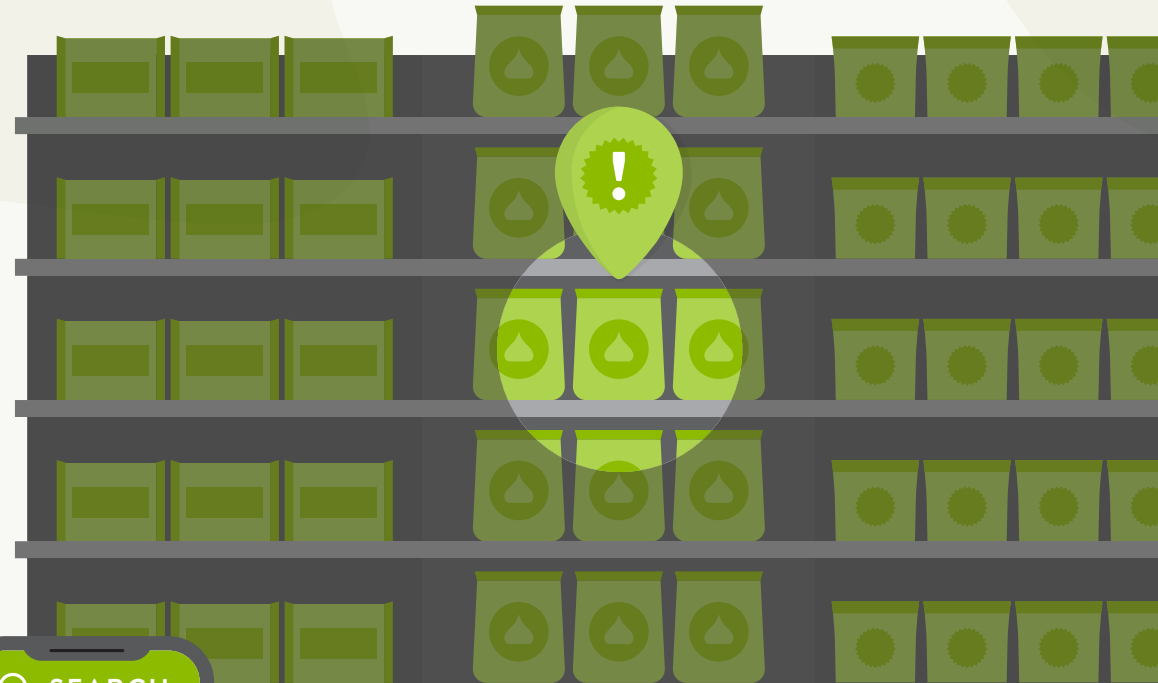


SIMPLIFY SEARCH TO BUILD BASKETS

- Search is a combination of merchandising and browsing to narrow selection
- Content and merchandising matters both online and in-store
 - **Online:** Product images, videos, descriptions, on-site banners
 - **In-store:** Packaging, point-of-sale displays, secondary placements



87% of shoppers start their product searches online*



"If I can't find what I'm looking for quickly in a store, I pick up something similar. Online, I leave the site without buying and search somewhere else."



"High-quality content is key to helping consumers quickly find what they're searching for, which means happy shoppers and full baskets."

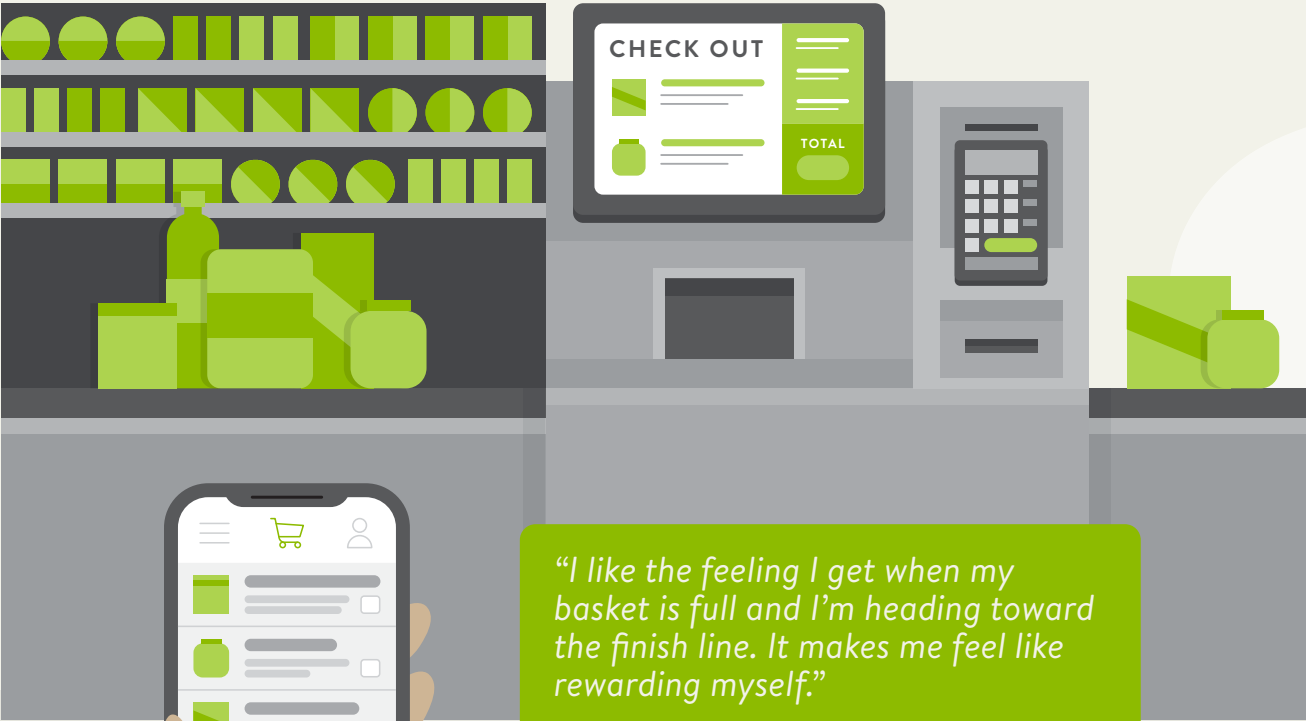
John Maitrejean

DIRECTOR, DIGITAL COMMERCE PORTFOLIO AND CAPABILITIES

*SOURCE: www.retaildive.com/news/87-of-shoppers-now-begin-product-searches-online/530139/



SATISFY THE SHOPPER AT CHECKOUT



- Pay Point is the close of every trip and an important opportunity for a last-minute treat
- Consistency across Pay Points within the store is key, including traditional check-lanes, self-checkouts and app payment
- Ensure that shoppers are getting the same checkout experience online to close the trip

1 2 **3** The pay point experience ranks **3rd most important** to shoppers, behind price and location*



“Technology can improve the checkout experience, but we have to make it engaging and rewarding to give the shopper that sense of accomplishment they feel in the physical world.”

Joey Hendrix
TEAM LEAD, PAY POINTS & PICKUP

*SOURCE: Forrester Opportunity Snapshot / Digimarc “Consumers Cringe at Slow Checkout”, August 2018)

UNLOCK YOUR RETAIL POTENTIAL

Focus attention and energy on in-store and online cohesion.



1. Findability

INTEGRATE DIGITAL AND PHYSICAL NAVIGATION, SEAMLESSLY

Ensure your category managers collaborate closely with your digital managers as they build holistic navigation. Think about how online shopper behavioral data can be used by the store category manager and vice versa.

SIMPLIFY SEARCH TO BUILD BASKETS

Build an online content quality scorecard for your suppliers, so that you have consistent quality across all product detail pages.

SATISFY THE SHOPPER AT CHECKOUT

Connect the individuals at your organization who oversee every shopper pay point experience—physical and digital.



2. Engagement



FUNDAMENTALS

- REACH THE RIGHT PEOPLE
- CREATE EXPERIENCES WITH SHOPPERS' NEEDS IN MIND
- GET SHOPPERS TALKING



"Our goal is to drive shopper trips by making every candy and snack experience interesting and engaging."

Tony Mardegain

DIRECTOR, SHOPPER INSIGHTS

"The best retailers really think about what I like and what I need while shopping, and create experiences with me at the center."





REACH THE RIGHT PEOPLE

- First, responsibly collect and organize shopper information for growth insights
- The data will reveal which groups of consumers will most contribute to growth
- Where consumers go and what they're interested in informs your content and where it goes

50%

As much as **50% of sales** can come from outside your bulls-eye “age” target alone*



“Targeting media makes your reach smarter, not smaller. It means you’re creating better context by interest group.”

Charlie Chappell

HEAD OF MEDIA AND COMMUNICATIONS PLANNING

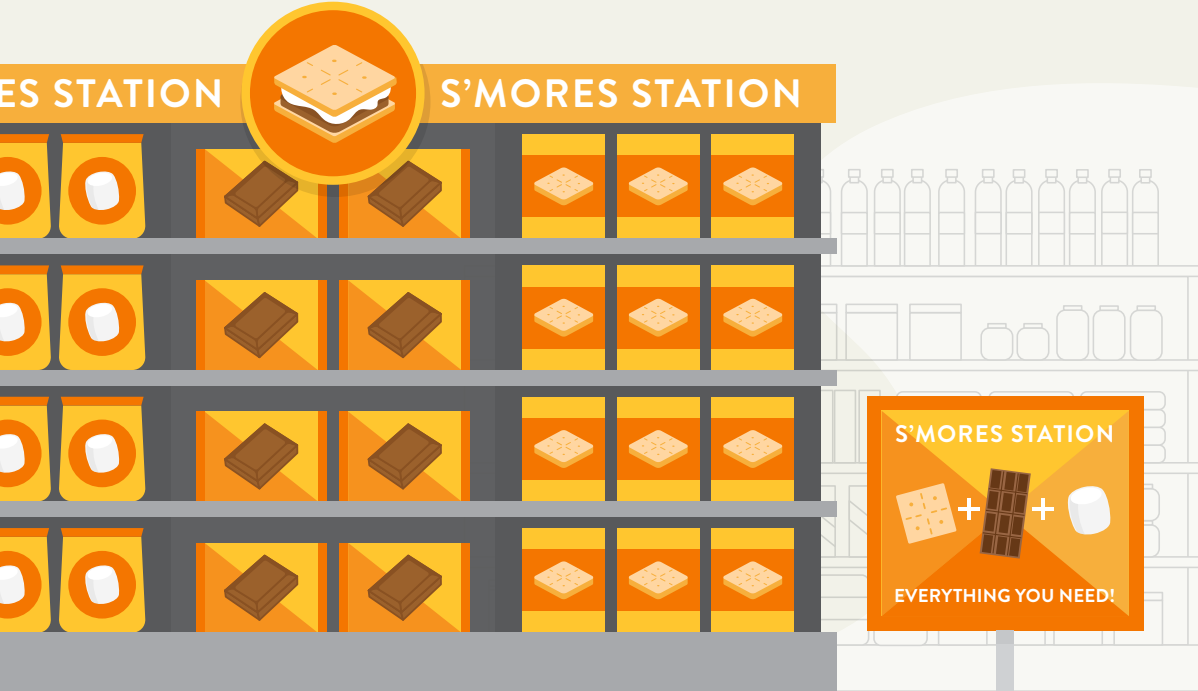
“I don’t mind ads when they entertain or inform me, especially if they’re relevant to what I need.”



*SOURCE: Ad Age, “Behaviors, Emotions and Moments: A New Audience Targeting.” March 24, 2017



CREATE EXPERIENCES WITH SHOPPERS' NEEDS IN MIND



- Engaging experiences that also fulfill a shopping need help to drive conversions
- Solution-oriented displays add value for shoppers



Almost 50% of shoppers rank retailers high on “makes me feel like I’m getting a good deal,” but only 24% rate them high on “retailer I look forward to shopping”



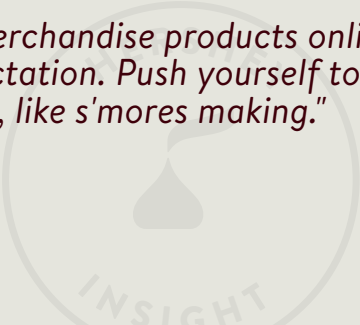
“Shopping is more fun when stores create experiences that show they really understand how I use their products in my life.”



“Consumers expect retailers to co-merchandise products online, and that has changed their in-store expectation. Push yourself to create a retail experience around an occasion, like s'mores making.”

Suzanne Jones
VICE PRESIDENT, THE HERSHEY EXPERIENCE

*SOURCE: Kantar ShopperScape 2018



2. Engagement

GET SHOPPERS TALKING



"Reading online product reviews influences whether or not I buy. I also feel more confident in what I picked."



- Retailers that create notable experiences will have shoppers who share their thoughts
- Ratings and reviews are the most effective user-generated content (UGC) for driving conversion
- Conversion rates are nearly 30% higher when sites contain UGC



56% of shoppers **use reviews** before making an online purchase*



46% of brick-and-mortar shoppers **read reviews** prior to purchase*



"User-generated content should be embraced, as it provides our shoppers with transparency and provides retailers with a new way to build trust."

John Maitrejean

DIRECTOR, DIGITAL COMMERCE PORTFOLIO & CAPABILITIES

*SOURCE: Bazaarvoice

UNLOCK YOUR RETAIL POTENTIAL

Build better relationships with consumers through key touch-points and authentic dialogue.



2. Engagement

REACH THE RIGHT PEOPLE

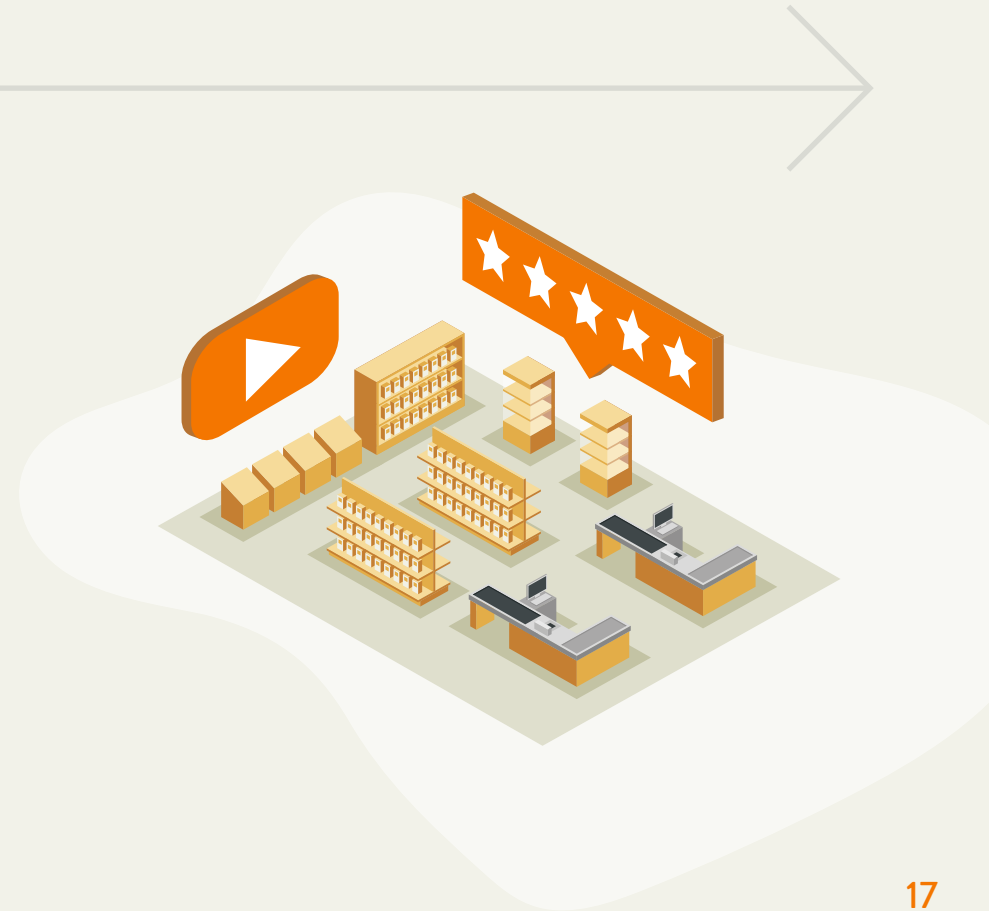
Connect your media team with your suppliers' media teams to align your shared objective and how best to spend media dollars.

CREATE EXPERIENCES WITH SHOPPERS' NEEDS IN MIND

Engage cross-category buyers to build merchandising that is focused on consumer experiences and solutions.

GET SHOPPERS TALKING

Build a digital platform that includes easy ways for shoppers to write, read and share reviews.



3. Personalization

FUNDAMENTALS

- MAKE THE RIGHT OFFER AT THE RIGHT TIME
- CURATE THE RIGHT ASSORTMENT EVERY TRIP
- ENABLE SHOPPERS TO CREATE THEIR OWN SHELF



"Shopper loyalty has never been more valuable, and retailers that don't offer personalized shopping experiences are at risk."

Doug Straton

CHIEF DIGITAL COMMERCE OFFICER

"I keep going back to the retailers that save me time and make personalized recommendations."





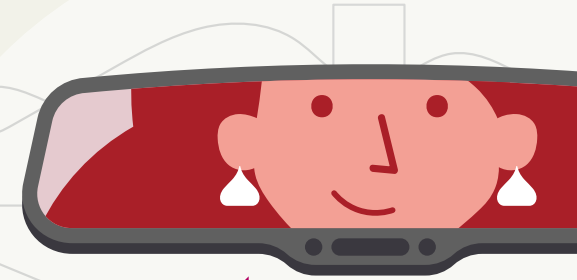
MAKE THE RIGHT OFFER AT THE RIGHT TIME

- Making an offer based on previous purchase history and individualized shopper preferences is efficient and effective
- Determining optimum frequency per person enables retailers to better target spend
- This allows more reach and continuous experimentation



Cross-channel media strategies drive an **80% higher rate** of incremental store visits*

“When I get an offer that is based on my previous purchases or is specific to where I’m going, I feel like I’m more inclined to use it.”



“A true partnership with a retailer is matching who bought what to who saw what.”

Charlie Chappell

HEAD OF MEDIA AND COMMUNICATIONS PLANNING

*SOURCE: Google Incrementality Study, Global, April–July 2017
www.thinkwithgoogle.com/marketing-resources/omnichannel/meeting-shoppers-needs/



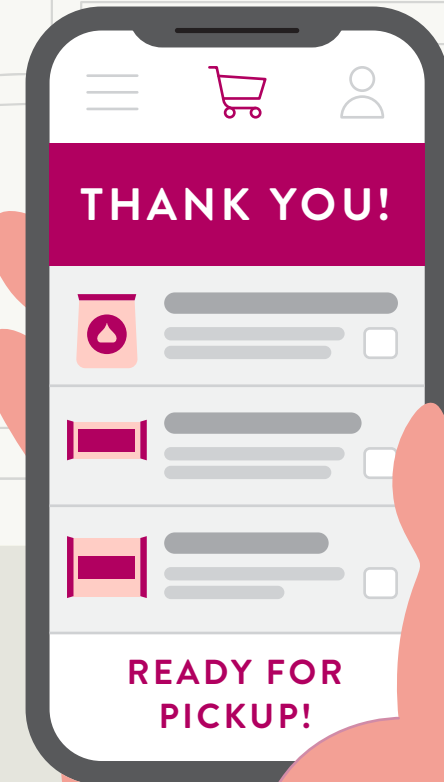
CURATE THE RIGHT ASSORTMENT EVERY TRIP

- Offer the same assortment options and positive experience no matter how your shoppers choose to shop
- Curate as much of the assortment as possible to shoppers' purchase history



Average shopper makes **3 multi-channel trips to retail per day***

"I want to be able to shop whenever and wherever I want based on what personally works best for me and my schedule."



"Whether in-store, during online ordering, at pick-up or delivery, ensure customers have access to the same assortment so they can build their basket any way they want."

Tony Mardegain

DIRECTOR OF SHOPPER INSIGHTS

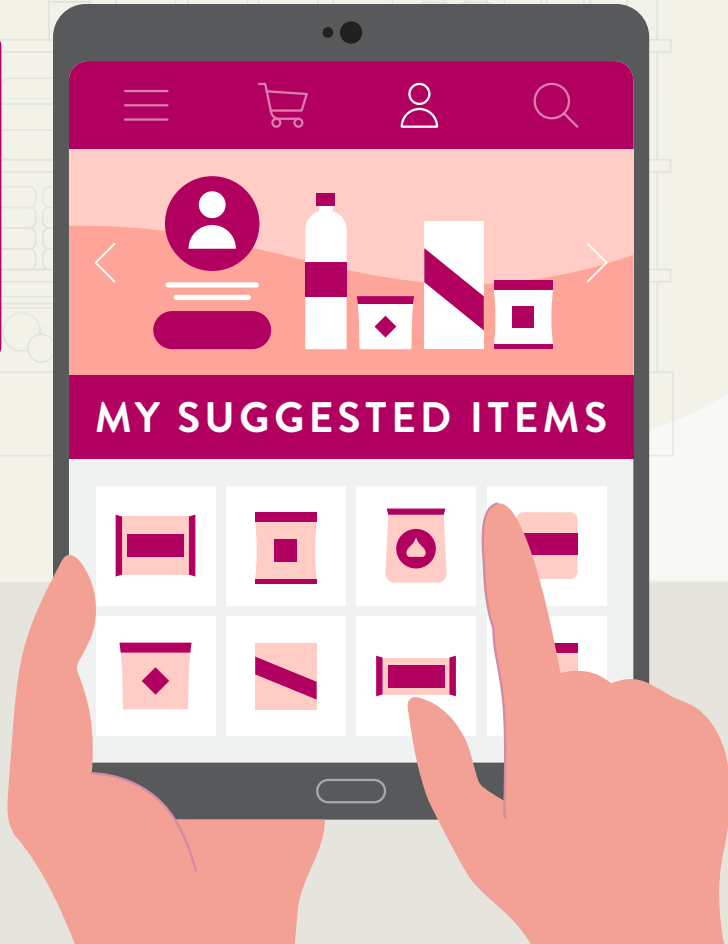
*SOURCE: Hershey Month in the Life of a Shopper 2019

3. Personalization

ENABLE SHOPPERS TO CREATE THEIR OWN SHELF



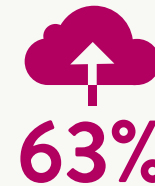
“My favorite retailers let me customize and curate my own shelf and shopping experience.”



- Personalize online shopping experiences from digital shelf to web page curation
- Real-time personalized digital displays can be created by linking mobile apps to in-store purchasing



80% of consumers are likely to do business with a company if it offers personalized experiences¹



63% of consumers are interested in personalized recommendations, and are willing to share data to receive them²



“Retailers and manufacturers sharing shopper data and mining actionable insights is a powerful unlock to giving shoppers an experience tailored to them. It’s about putting the shopper at the center of everything.”

David Nolen

VICE PRESIDENT, CATEGORY MANAGEMENT

1. SOURCE: Epsilon Research
2. SOURCE: Retail Dive RILA, September 2018

UNLOCK YOUR RETAIL POTENTIAL

Design an experience that lets your shoppers know you understand them.



3. Personalization

MAKE THE RIGHT OFFER AT THE RIGHT TIME

Map your point-of-sale data, your addressable media data, and your suppliers' media data to drive new value for your shoppers through more relevant media.

CURATE THE RIGHT ASSORTMENT EVERY TRIP

Evaluate your convenience through three key attributes: one-stop-shop, assortment and easy checkout. Bring your cross-functional teams together to evaluate where you can provide the most value based on your shoppers' monthly patterns.

ENABLE SHOPPERS TO CREATE THEIR OWN SHELF

Engage your data and insights team to understand the patterns and purchase history of your key shopper groups, so that you can customize based on their preferences.

YOUR RETAIL POTENTIAL CHECKLIST

By focusing attention on in-store and online cohesion, building better relationships with shoppers and designing an experience for them, you can unlock your full retail potential. Use this checklist to determine your next steps toward success.

1. Findability

- **INTEGRATE DIGITAL AND PHYSICAL NAVIGATION, SEAMLESSLY**
Ensure your category managers collaborate closely with your digital managers as they build holistic navigation. Think about how online shopper behavioral data can be used by the store category manager and vice versa.
- **SIMPLIFY SEARCH TO BUILD BASKETS**
Build an online content quality scorecard for your suppliers, so that you have consistent quality across all product detail pages.
- **SATISFY THE SHOPPER AT CHECKOUT**
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2. Engagement

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WHAT'S NEXT?

Unlocking your retail potential requires insight into the shopper fundamentals that matter most. In this report, we've outlined a roadmap, and no matter where you are in the journey, we're here to partner with you.

Hershey's Retail Snacking Experience Team (ReSET) has the expertise to turn shopper insights into action. We're ready to provide a snacks retail framework and deployment strategy – grounded in the shopper value equation - that will lead to growth in today's marketplace.

We invite you to connect with us, so together we can create better experiences for your shoppers and fully unlock your retail potential.

Contact Hershey's ReSET team at
RetailRevolution@Hersheys.com