As an industry we’ve read lots of published research on consumer attitudes and purchase behavior during the COVID-19 crisis. Those who manage existing food and beverage brands have been in the thick of it, dealing with huge swings in demand, closures, new operating procedures, and the like.

As an innovation agency, we were curious to learn about attitudes and perspectives from leaders inside the industry. In particular, how they think COVID-19 might impact the future of food innovation, development, launch, and success with retail customers and consumers.

To this end, we executed a survey of Food & Beverage Industry professionals to ask these important questions. We distributed the survey through our Mattson Insights & Innovation Newsletter and partnered with our colleagues at Food Navigator and Prepared Foods to share the survey amongst their widespread networks. The survey fielded April 8-19, 2020 and was completed by 185 professionals. Here’s what we learned...
Observation #1
Innovation continues uninterrupted at most food companies.

Are you currently exploring new areas for innovation?

<table>
<thead>
<tr>
<th>Option</th>
<th>% Working on new concepts/products</th>
<th>% Developing new products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, still working on new concepts/products</td>
<td>67%</td>
<td>65%</td>
</tr>
<tr>
<td>No, not currently working on new concepts/products</td>
<td>22%</td>
<td>28%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>This does not apply to my company</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

The Mattson POV
Necessity is once again proving to be the mother of invention. We have been impressed at how resourceful our clients -- and our own teams -- have been in making food happen even through shelter-in-place orders.

Mattson COVID-19 F&B Industry Study Results, n=185, April 2020
Observation #2

Many 2020 launches have been delayed or cancelled, so retailers may find themselves considering two years of innovation for 2021 resets.

Given finite space on shelves, sell-in may be especially challenging for manufacturers. Innovative products that demonstrably deliver new benefits will be even more advantaged than usual.

Legend:
- Green: Launches for Products Already Developed
- Orange: Launches for Products in Development
Observation #3

Half of CPG Professionals believe that the long-term impacts of COVID-19 will be POSITIVE for the industry.

Many cite that consumers are learning to enjoy cooking and family meals...

People were forced to return to eating at home and some will find that a more positive bonding experience with their families and want to maintain those ties.

Supply channels, with a focus on local, will be a priority... resulting in more efficient routes to market [and] improved environmental footprints.

Anytime we’re pushed beyond our comfort zones we seem to come out with new skills. We’re finding this to be true at Mattson, and believe that our industry will indeed come out even stronger.

The Mattson POV

<table>
<thead>
<tr>
<th>Positive impact</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative impact</td>
<td>24%</td>
</tr>
<tr>
<td>There will be no impact</td>
<td>13%</td>
</tr>
<tr>
<td>I don't know</td>
<td>13%</td>
</tr>
</tbody>
</table>

Mattson COVID-19 F&B Industry Study Results, n=89, April 2020
Observation # 4
About half of those polled expect that retailers will be eager to bring in new products after the crisis subsides… and half expect them to be more tentative.

The Mattson POV
Retailers will face an important strategic decision to either lead with innovation or to lean into the familiar. This will create a real opportunity for differentiation within the retail sector.

After the health crisis is under control, and F&B shoppers return to their normal lifestyles, how will retailers react?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immediately bring in new products</td>
<td>20%</td>
</tr>
<tr>
<td>currently under consideration.</td>
<td></td>
</tr>
<tr>
<td>Immediately bring in new products</td>
<td>29%</td>
</tr>
<tr>
<td>presented after crisis</td>
<td></td>
</tr>
<tr>
<td>No new products for first 3 months</td>
<td>36%</td>
</tr>
<tr>
<td>after crisis</td>
<td></td>
</tr>
<tr>
<td>No new products for first 6 months</td>
<td>11%</td>
</tr>
<tr>
<td>after crisis</td>
<td></td>
</tr>
<tr>
<td>No new products for first 9 months</td>
<td>2%</td>
</tr>
<tr>
<td>after crisis</td>
<td></td>
</tr>
<tr>
<td>I don’t know</td>
<td>30%</td>
</tr>
</tbody>
</table>

Mattson COVID-19 F&B Industry Study Results, n=89, April 2020
Observation # 5

Respondents were divided on consumer appetite for new products post-COVID

After the health crisis is under control, and consumers return to their previous lifestyle, when will consumers look for new products?

- Immediately: 39%
- No new products for the first 3 months after: 26%
- No new products for the first 6 months after: 13%
- No new products for the first 9 months after: 2%
- I don’t know: 19%

[Consumers] are bored with the limited choices they had during the pandemic, want to celebrate life.

[Consumers] will be tired of what they already have and ready to celebrate being turned loose in society.

Consumers may look to food to meet new needs of comfort or excitement amidst an environment that has been so mundane for so long.

The Mattson POV

Our own research reveals that 58% of consumers will want new products immediately, providing ample demand for pent-up innovation. This should provide reassurance to both manufacturers and retailers.
Observation #6

In 88% of respondents believe that emerging or infrequently purchased brands and products have benefited from new trial.

To what extent do you think your brand/products might benefit from NEW CONSUMERS trying them for the first time, and then continuing to purchase after the crisis subsides?

- To a great extent: 18%
- To a moderate extent: 40%
- To a slight extent: 30%
- To no extent; I don’t see this happening: 8%
- This does not apply to my company: 3%

Mattson employee owners have experienced this phenomenon ourselves, discovering -- because our usual brands were not available -- delicious new pasta sauces, chicken sausages, and more. This reinforces our long-standing belief that delivering great tasting, cravable products is job 1.
Observation # 7
COVID may have provided the boost that Big Food needed, with consumers rediscovering established “comfort” brands they’d stopped buying.

To what extent do you think YOUR brand/products might benefit from LAPSED CONSUMERS repurchasing them, realizing they missed them, and then continuing to purchase after the crisis subsides?

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<td>To a slight extent</td>
<td>36%</td>
</tr>
<tr>
<td>To no extent; I don’t see this happening</td>
<td>17%</td>
</tr>
<tr>
<td>This does not apply to my company</td>
<td>8%</td>
</tr>
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</table>

The Mattson POV
Select Big Food companies that have quietly, and impressively, invested in improving their formulations for better flavor and cleaner ingredients will particularly benefit. But those that haven’t will face accelerated declines.
**Observation # 8**

Many believe consumers will want products that deliver value.

**The Mattson POV**

COVID-related job losses and furloughs are clearly being felt in American pocketbooks. While value will continue to be sought, we know that value can be delivered in more ways than price: reduced waste; higher nutrient density, more convenience, etc.

- **49%** Expect consumers to seek Value Products
- **4%** Expect consumers to seek Super Premium
Observation # 9

While value, nostalgia, and indulgence stand out, it’s noteworthy that respondents expect demand to be strong for plant-based products.

We’re struck by the strength of plant-based in comparison to choices lower on the list, and it suggests that desire for plant-based is a sustained shift rather than a fleeting trend. It’s even possible that COVID-19 -- which originated in animals -- will accelerate consumers to shift to plant-based foods.
For the past 40+ years we have been working with clients at every stage — from entrepreneurs to Fortune 500 companies.

We are a team of 60+
- Food Scientists
- Culinary Experts
- Strategists
- Commercialization Specialists
- Brand Marketers
- Designers

We take you from where you are now to launch.

We have helped our clients launch 2,500+ CPG SKUs
- 100s of foodservice offerings

We Make Food Happen
- From brand and product strategy
- To new product concepting
- To product formulation and process development
- To brand development and design
- To co-man identification
- To factory scale-up
- Informed by consumer research along the way — exploratory and/or evaluative

What We Believe
- Prototype Prolifically: get to the food as fast as possible
- Stand Out: create a powerful point of difference
- Create Crave: trial is easy; repeat is what drives success
- Solve a Need: nutritional, sensory, emotional, or otherwise
- Build for Scale: formulate with a clear line-of-sight to scale

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