

KAGOME

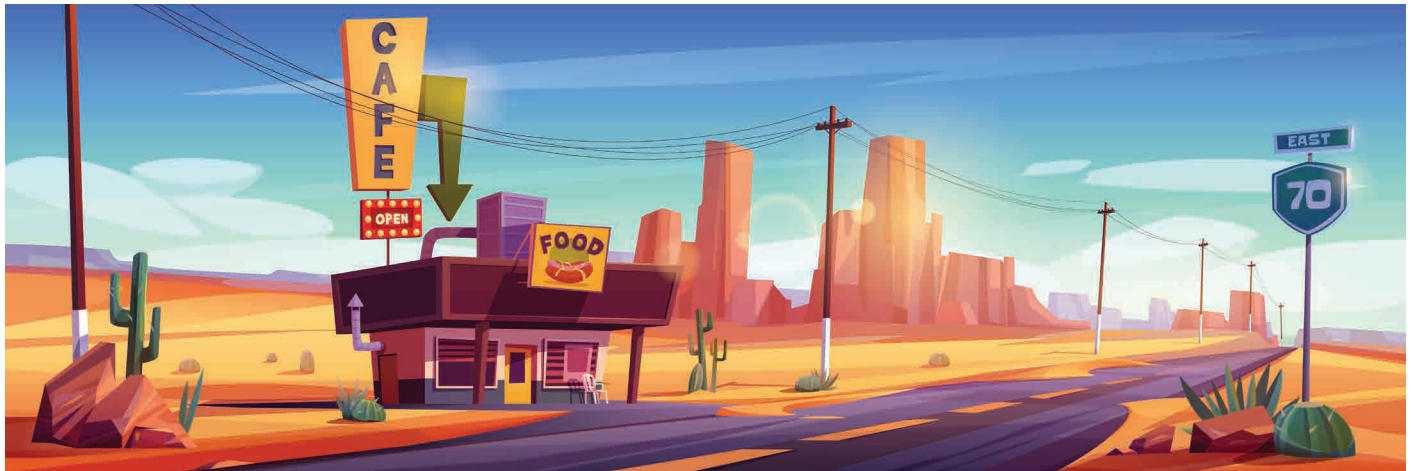
TREND REPORT AUGUST 2024



As summer draws to a close,

whether you're winding down from a memorable road trip, savoring the final days of a county fair, or experiencing the bittersweet moment of sending your child off to college, there's a sense of transition in the air. During these moments, you might find yourself stopping at a gas station convenience store, where you'll notice an expanding array of high-quality food and drink options. We're diving into how C-stores are strategically expanding their offerings to meet consumer tastes.

What flavors are trending for the upcoming season? While spicy flavors have always been popular, the new buzzword is "swicy" – a blend of sweet and spicy that's capturing attention. This trend is being driven by younger generations, including Millennials, Gen Z, and the emerging Gen Alpha.



Additionally, we'll provide an update on the tomato harvest and the latest insights into consumer sentiment.

Consumers are increasing visits to C-Stores for food.

Convenience store brands are exploring new revenue streams for the future, with a major trend being the expansion of food options. Moving beyond traditional offerings like roller grill hot dogs and stale coffee, many C-stores now feature restaurant-quality, made-to-order food, appealing to a broader customer base. One national convenience store recently announced they would bring a similar range of food items to its U.S. stores that it is already recognized for in Japan. Over half of the consumers in Intouch Insights Convenience Store Trends Report 2024 view C-store made-to-order food as a good value, reflecting a shift toward higher quality, fresh, and customizable options. Additionally, enhancing coffee offerings with high-quality, specialty brews has proven effective in increasing foot traffic and customer loyalty. The pandemic closures of restaurants likely boosted visits to C-stores, as consumers explored their food-away-from-home options.



Fresh pizza slices



High quality bbq pulled pork sandwiches

The convenience store market is anticipated to grow annually by 5.6% until 2028.
-Intouch Insight

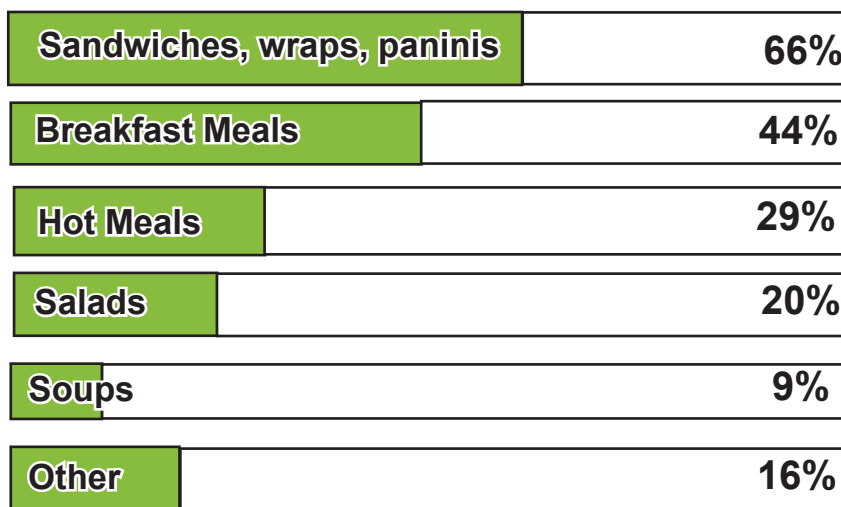
The growth of c-stores from 2021 to 2023 shows that diners are increasingly choosing C-store food for convenience, not just out of necessity. The rise in breakfast, coffee, bakery, and dessert options alongside c-stores reflects a demand for affordable grab-and-go food. As C-store operators adapt to these changes and expand their food offerings, more diners are likely to turn to C-stores for portable meals and snacks.

C-STORE FOOD TRENDS

93% of consumers have tried made-to-order food from convenience stores, with sandwiches, wraps, and paninis being particularly popular. This is a significant increase from 2022 when only 76% of consumers reported purchasing made-to-order meals in a survey of 1,460 respondents.



What types of made-to-order meals do you usually purchase from a convenience store?



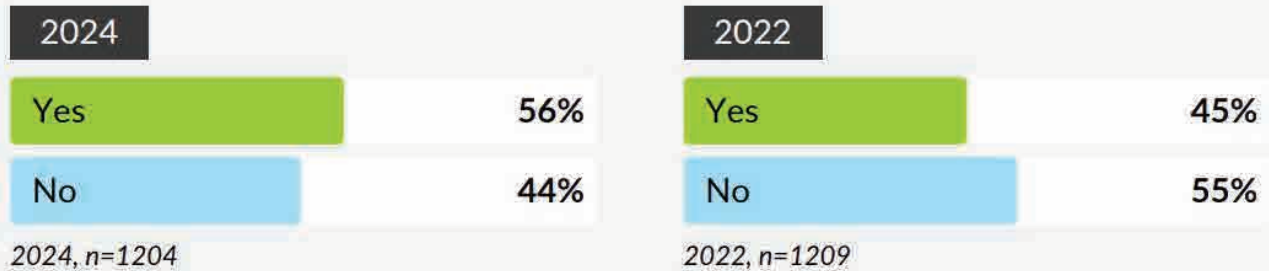
2024, n=1592



Additionally, **56% of people now consider convenience stores a viable alternative to quick service restaurants**, marking an 11% increase since tracking began two years ago.

C-STORES A VIABLE ALTERNATIVE TO QUICK SERVICE RESTAURANTS

With the evolution of improved food options at convenience stores, do you see convenience stores as an option for food over a quick service restaurant?



MOTIVATION FOR PURCHASING MADE-TO-ORDER FOOD FROM C-STORES



2024, n=1592

Source: Intouch Insight, Convenience Store Trends Report 2024



FLAVOR AND INGREDIENT TRENDS

Consumers are still loving the heat!



Over half of Gen Z consumers specifically identify themselves as hot sauce connoisseurs.

According to a recent survey, **62% of all consumers** surveyed indicated they are more likely to buy a food or beverage item if it is advertised as spicy.

-Food Dive, NC Solutions

Kagome offers these spicy sauces!



Pineapple
Ghost Pepper



Piercin'
Piquillo



Spicy
Chamoy



Kickin' Kimchi
Sriracha

“SWICY” SPICY AND SWEET IS A CLASSIC PAIRING



Chick-fil-A
Sweet Maple Pepper Bacon
Chicken Sandwich



Slice House
Hot Honey Pizza

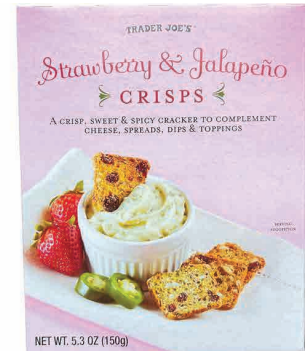


Buffalo Wild Wings
Honey Sriracha Wings



Daug House
Old Town Dog -Caramelized
onion, pickled jalapeño
chipotle aioli

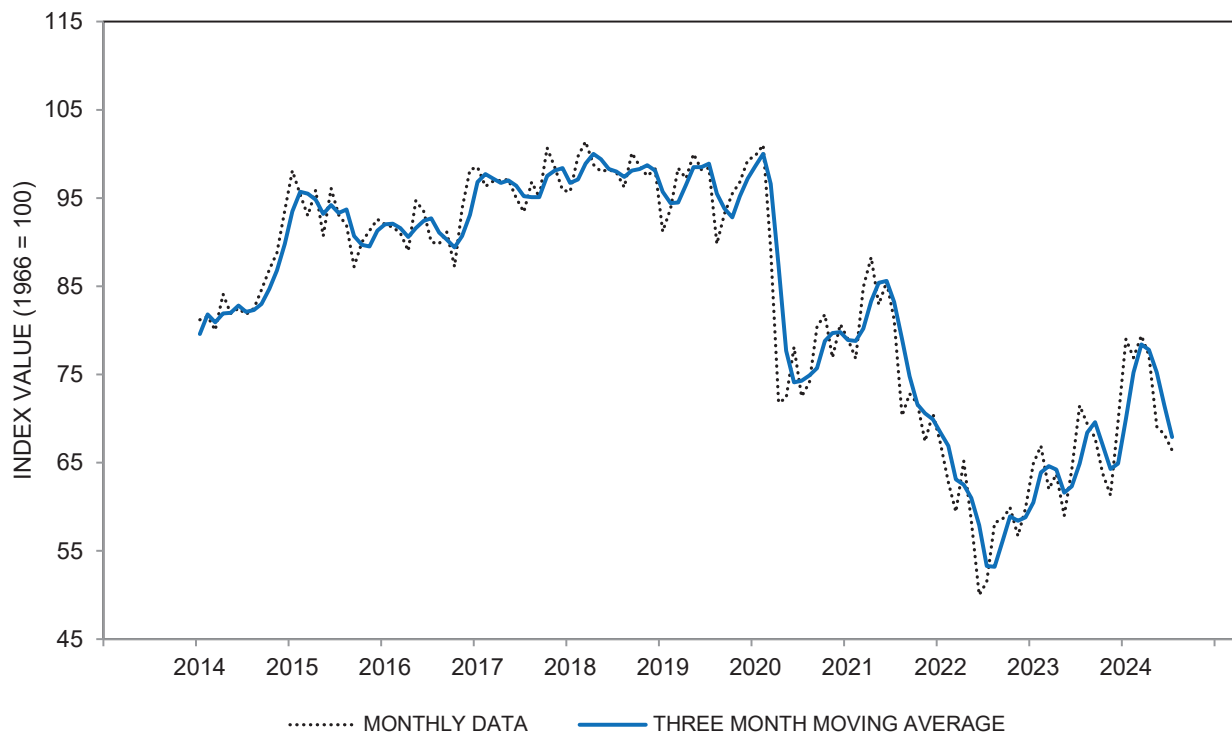
WHAT ABOUT SWICY MASHUPS IN RETAIL?



INDEX OF CONSUMER SENTIMENT (ICS)

Consumer sentiment has remained virtually unchanged in the last three months. July's reading was a statistically insignificant 1.8 index points below June, well under the margin of error. Sentiment has lifted 33% above the June 2022 historic low, but it remains guarded as high prices continue to drag down attitudes, particularly for those with lower incomes. Labor market expectations remain relatively stable, providing continued support to consumer spending. However, continued election uncertainty is likely to generate volatility in economic attitudes in the months ahead.

THE INDEX OF CONSUMER SENTIMENT



The US Index of Consumer Sentiment (ICS), as provided by University of Michigan, tracks consumer sentiment in the US, based on surveys on random samples of US households. The ICS is a leading economic indicator that measures changes in the outlook for the economy. They are based on how shoppers feel about their interest and willingness to buy things in the future

TOMATO NEWS UPDATES

California processing tomato deliveries continue to be above the level of the 5-year average so far according to figures collected by the Processing Tomato Advisory Board (PTAB). -Madeleine Royère-Koonings with Tomato News

CALIFORNIA

The harvest season started a few days earlier than in previous years, with small quantities of organic tomatoes.

For week four (ending July 27th), PTAB is estimating 806,748 metric tonnes (t) (896,287 short tons) were delivered to the factories. Week five (ending August 3rd) is estimated to be 965,796 t (1,064,608 short tons), which would bring the year-to-date total to an estimated 2,406,027 t (2,652,191 short tons).

If the weekly projections come true, the projected quantities on August 3rd would represent approximately 23% of the California processors' target (10.43 million t) and would be 34.2% above the average quantities delivered on the same date over past five years.





*Interested in creating your
next craveable sauce?*

Contacting us today at:
Ideations@kagomeusa.com



KagomeUSA.com