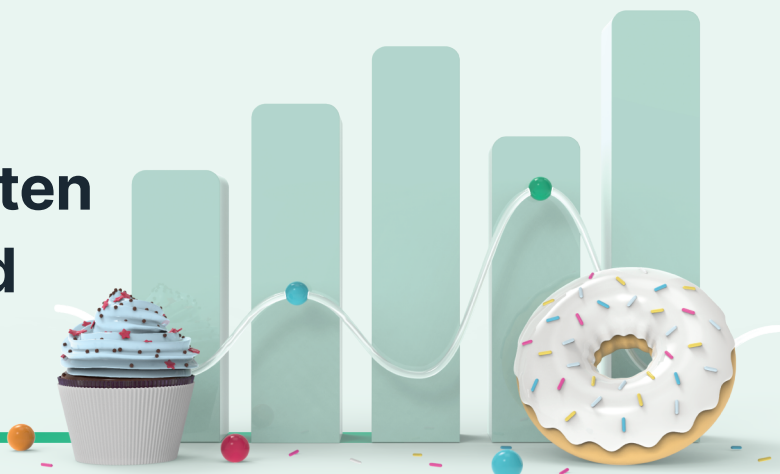




# Promotions Might Sweeten the Deal for Hostess and Little Debbie



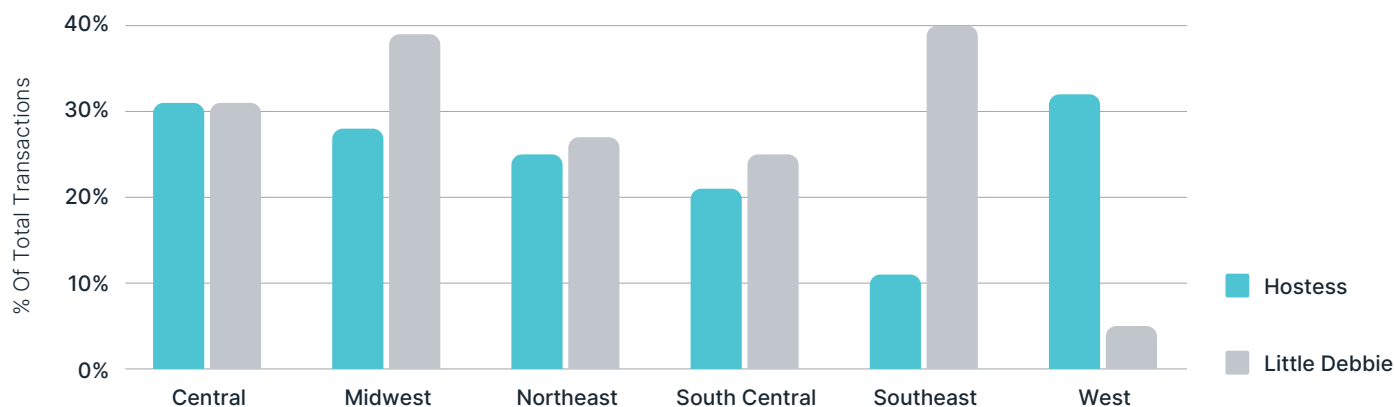
Powered by data from Skupos' network of over 14,000 convenience stores, we've taken a closer look at how Little Debbie and Hostess performed in 2020. In this sweet baked goods showdown, we deep dive into market share, pricing, and market baskets. Here is a quick snapshot of what we found:

- While Little Debbie holds an edge with slightly larger market share, we find some interesting regional opportunities for both brands when we dig deeper
- Hostess has a premium pricing strategy, with the Average Selling Price (ASP) of key products ringing up at nearly double that of Little Debbie, which presents opportunities for both brands
- Market baskets that contain a sweet baked good are 1.4x larger than the average market basket size. Both brands can use this to their advantage to gain share and increase velocity

Should Little Debbie get more aggressive on a promotion and pricing strategy to take hold in regions where they have less market share? Should Hostess up their promotion game to further grow market share and chip into Little Debbie's lead? Both brands have an opportunity to win in c-stores, they just need to grab it!

## Little Debbie Market Share Outpaces Hostess with Success in the South and Midwest

### Sweet Baked Goods Market Share

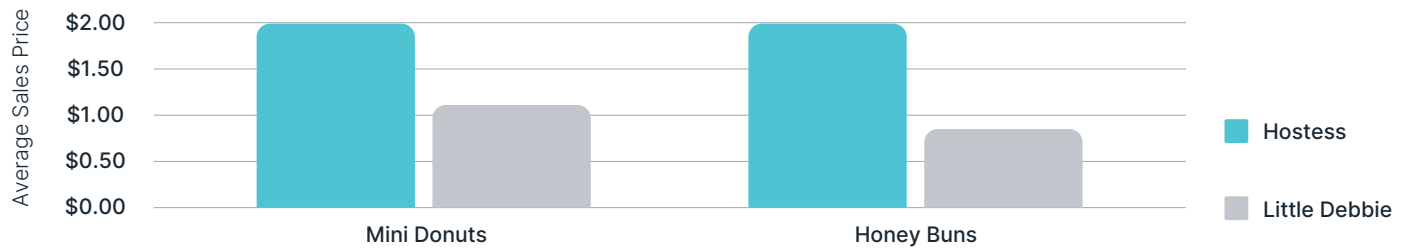


The sweet baked goods category has many successful regional brands, however across the US, Hostess and Little Debbie account for over 50% of total sweet baked goods transactions in independent convenience retail. With a large advantage in the market, how can these brands capitalize on their popularity and continue to grow share?

With key differences in consumer brand preference, the answer might be in a regional strategy. By taking a more targeted approach, both Hostess and Little Debbie can regain favor in regions where they trail.

## Hostess and Little Debbie Can Increase Velocity with Promotions

### Mini Donuts and Honey Bun's - Average Sales Price



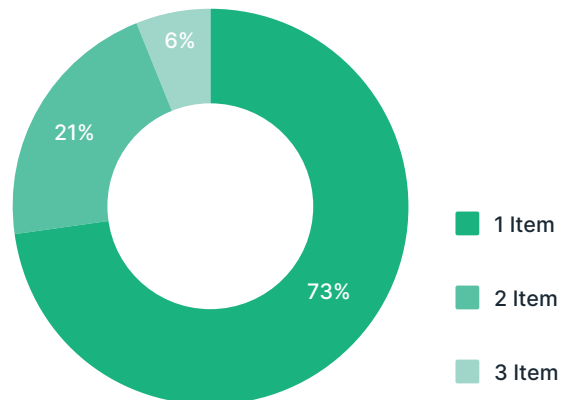
Our data shows that Hostess prices two of their top products, Mini Donuts and Honey Buns, at nearly double the price of comparable Little Debbie products. This price point is validated for Mini Donuts, with **Hostess selling 44% more Mini Donut units** per store per day than Little Debbie. If Little Debbie wants to increase their velocity for Mini Donuts, they could use a high-low strategy to drive consumer impulse purchase while minimizing promotional spend. They could also explore twofer offers to increase sales, using Hostess as the anchor price to show their value.

On the flip side, **Little Debbie sells 90% more Honey Bun units** than Hostess. Hostess could explore lowering their price point or running enticing promotions on this product to cut into Little Debbie's share.

## Portion of Transactions with Varying Basket Sizes

Consumers love their sweet baked goods! In fact, 27% of the time a shopper goes to buy an item from this category, they buy two or more. When looking at market baskets as a whole, baskets that include a sweet baked good product have an average of 3.8 items per basket. **This is 1.4x larger than the general average market basket size.**

Leaning into this, a solid promotional strategy would encourage traditional 1-item shoppers to buy more, turning them into shoppers who purchase two or more items per basket. Little Debbie can use promotions to compete on price and grow their market share lead over Hostess, and Hostess can lean into promotions and larger sweet baked goods basket sizes to sell even more!



## How Can Brands Optimize Their Promotional Strategy?

Skupos enables brands to drive change in convenience retail by connecting directly with thousands of independent retailers and millions of c-store shoppers. With Skupos Engage, brands can build a competitive advantage by easily executing promotions at scale in a market that has been traditionally hard to access. We'll show you how running seamless promotions in independent convenience retail can make a big impact on your business.



**Make every dollar count in convenience retail**

Drive change with complete control over trade spend and greater visibility into product performance

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