



Insights exchange for the model-driven economy

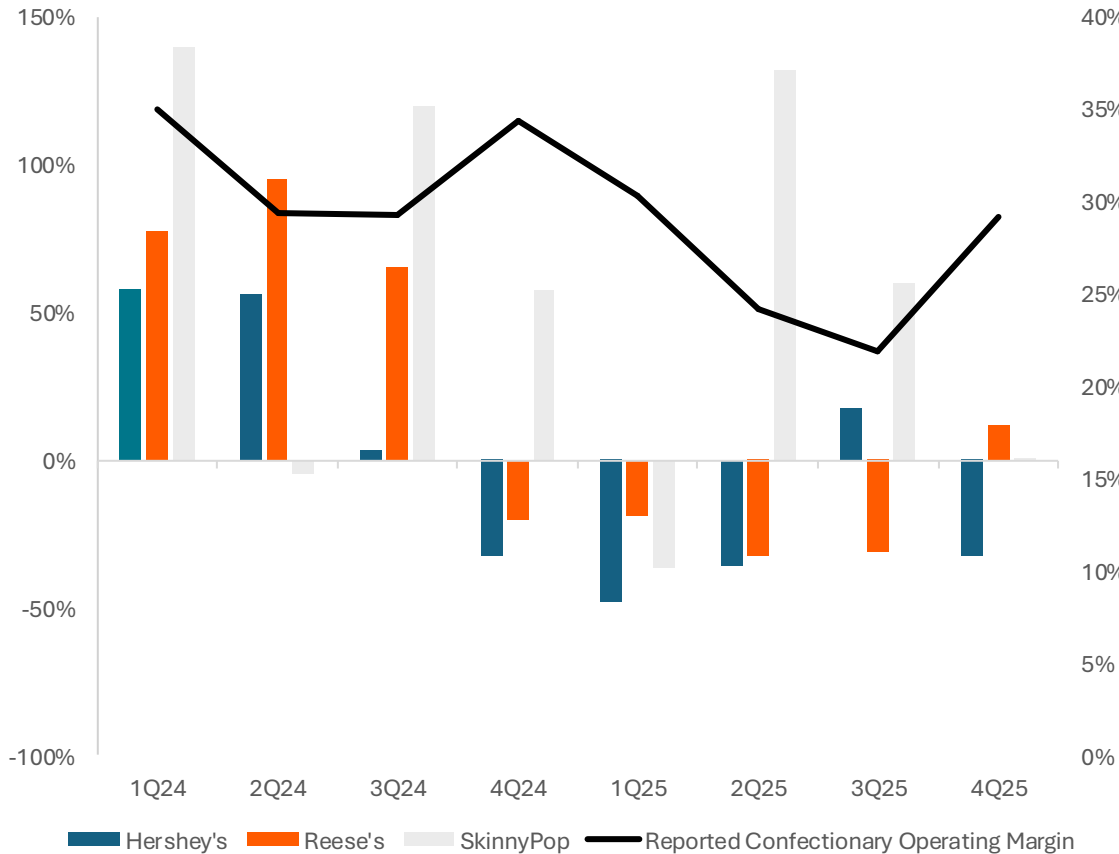
# Hershey's; Understanding the Consumer Trends That Matter

1. **Hershey's and Reese's digital ad spend declined sharply across 2025 as margin compression forced trade-offs in brand investment.** SkinnyPop maintained positive spend growth throughout.
2. **Hershey's and Reese's over-index on lower-income consumers** - with core confectionery facing both margin pressure and a less affluent buyer base, cumulative pricing fatigue poses an elevated risk.
3. **Hershey's Salty Snacks portfolio brands all over-index on \$150K+ households - a clear demographic inversion** from Hershey's core chocolate brands, and consistent with positioning as 'better-for-you' snacking.
4. **Both core brands are now negative on a 2-year transaction stack at mass retail heading into 2026** - seasonal spikes are masking a weakening baseline.
5. **LesserEvil was already running triple-digit transaction growth before Hershey closed the acquisition (Nov. 2025)** - the distribution push via ONE Hershey's 75,000+ store network is just beginning.
6. **Supermarket transactions are weaker than mass retail across both brands**, with muted seasonal lifts and accelerating declines on a 2-year stack into early 2026.
7. **Both brands are deteriorating in convenience into early 2026** - coinciding with the Reese's ingredient controversy that went viral in February.

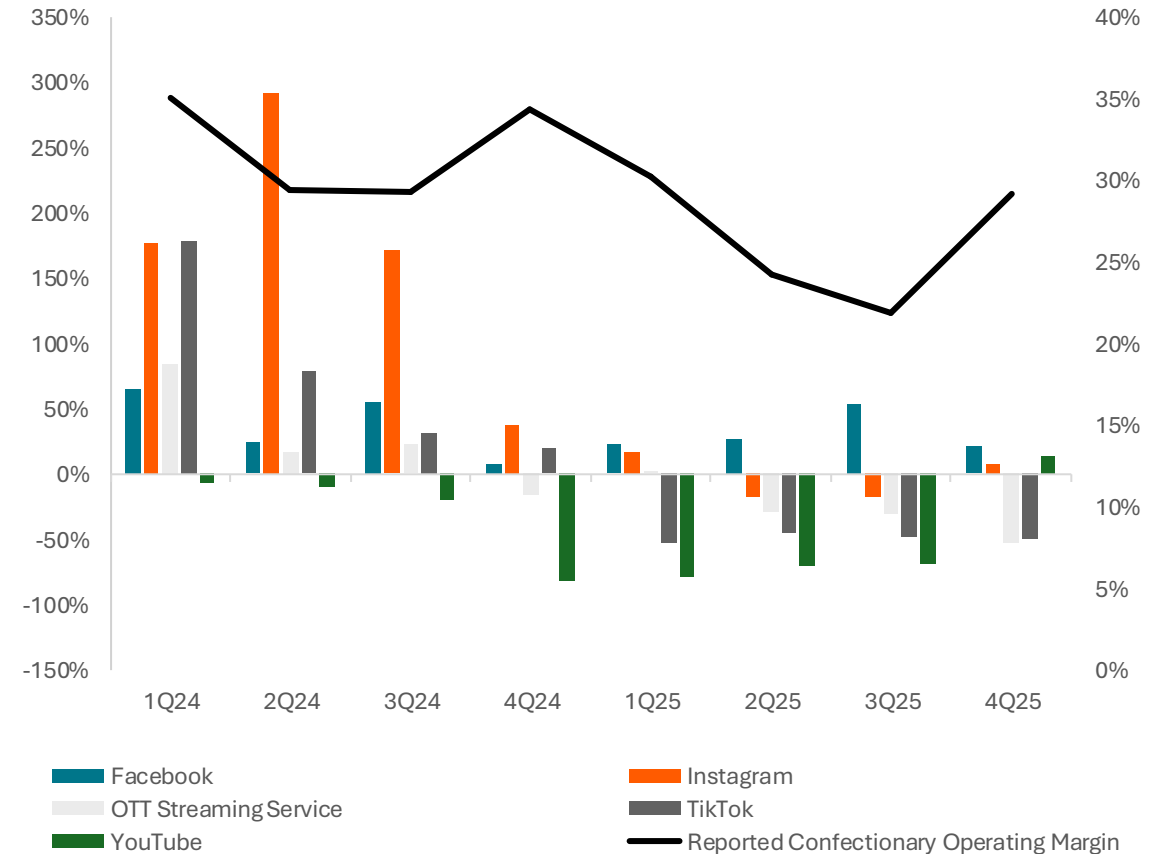
# Hershey Cut Digital Ad Spend as Margin Compression Took Hold

Across 2025, Hershey's and Reese's digital ad spend declined sharply as confectionery operating margins deteriorated - forcing trade-offs in brand investment. SkinnyPop maintained positive spend growth throughout.

Y/Y Ad Spend Growth by Brand



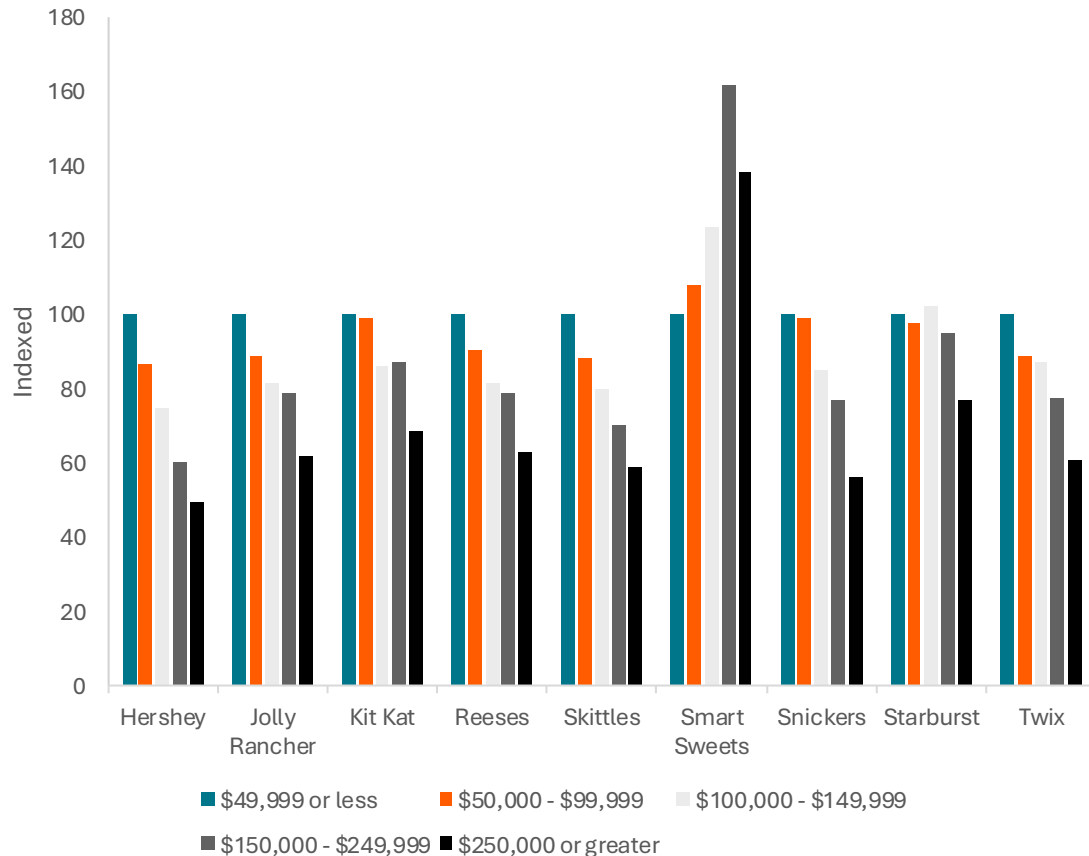
Hershey Y/Y Ad Spend Growth by Platform



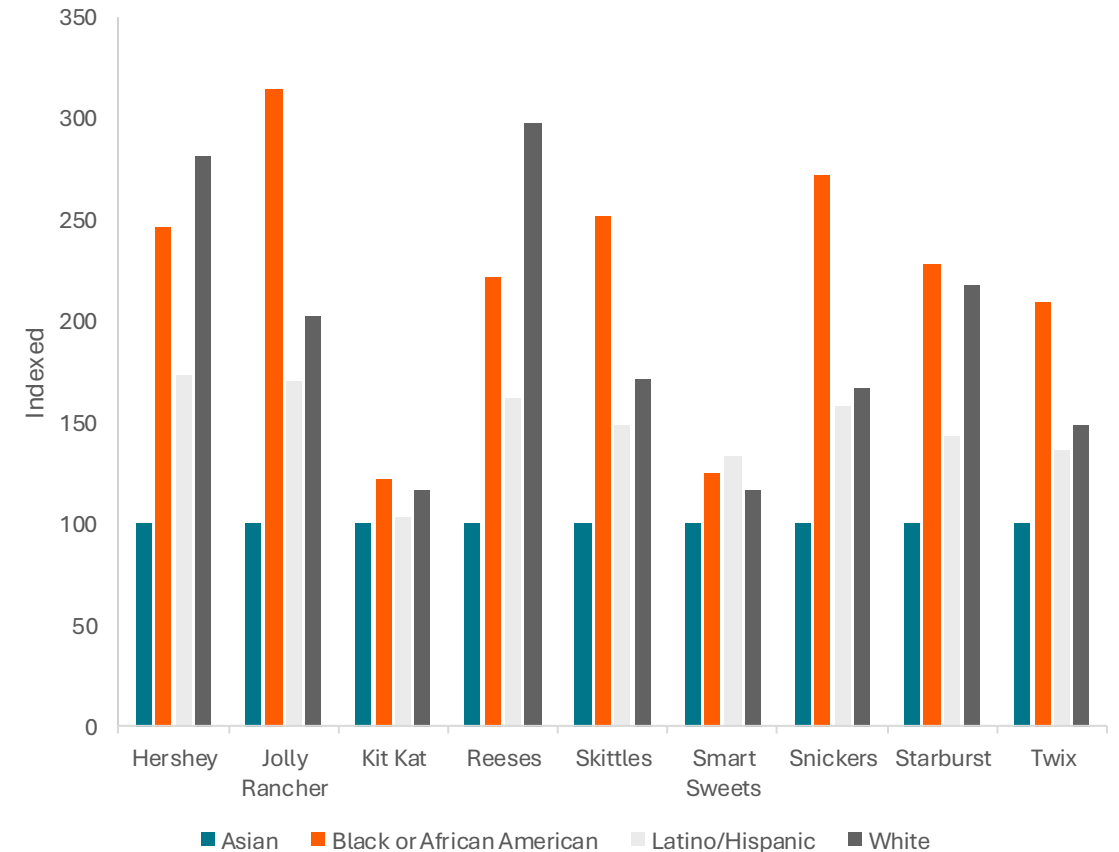
# Hershey's Core Brands Skew Lower-Income - The Inverse of Better-For-You Peers

Hershey's and Reese's over-index on lower-income consumers while Smart Sweets shows a clear inversion, skewing heavily toward \$100K+ households. With core confectionery facing both margin pressure and a less affluent consumer base, Hershey's salty snack portfolio enters the picture as a better-positioned growth engine.

Confections Brand Spend Share by Income



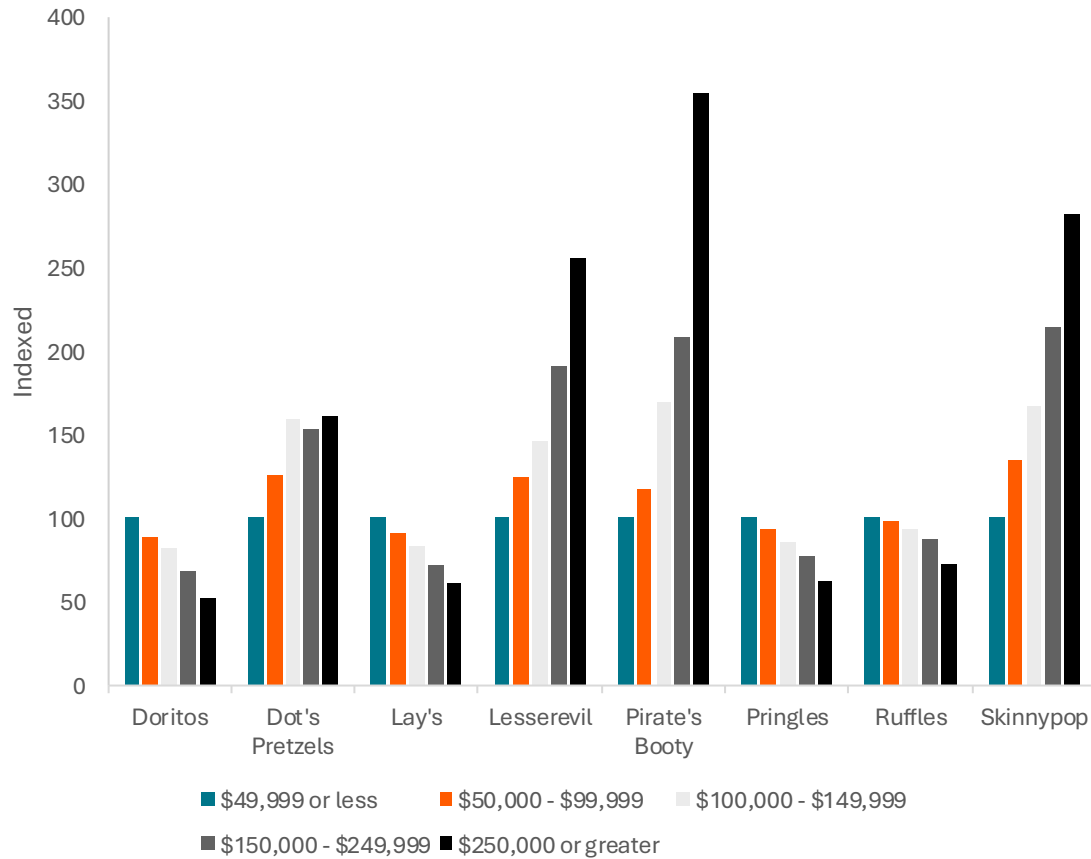
Confections Brand Spend Share by Ethnicity



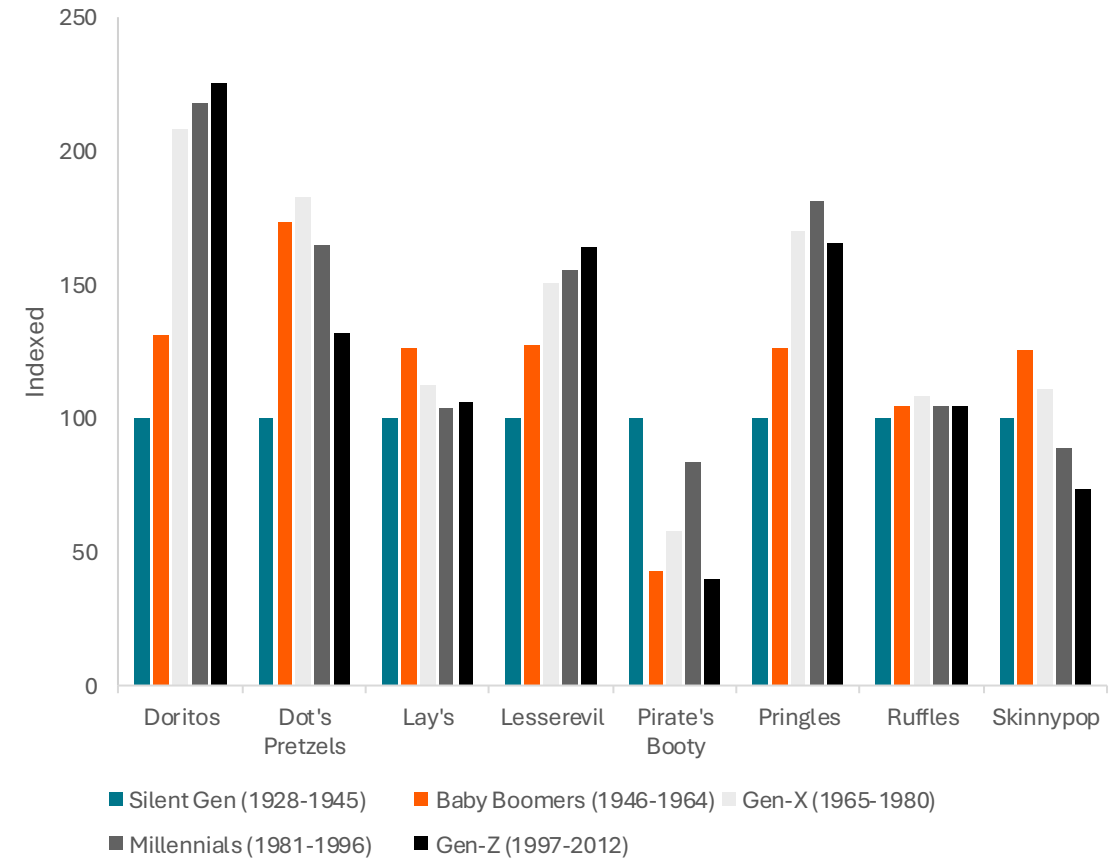
# Hershey's Salty Portfolio Skews Higher-Income - A Sharp Contrast to Confectionery

Dot's, LesserEvil, Pirate's Booty, and SkinnyPop all over-index on \$150K+ households - a clear demographic inversion from Hershey's core chocolate brands, and consistent with their own positioning of the salty portfolio as "better-for-you" snacking.

Salty Snacks Brand Spend Share by Income



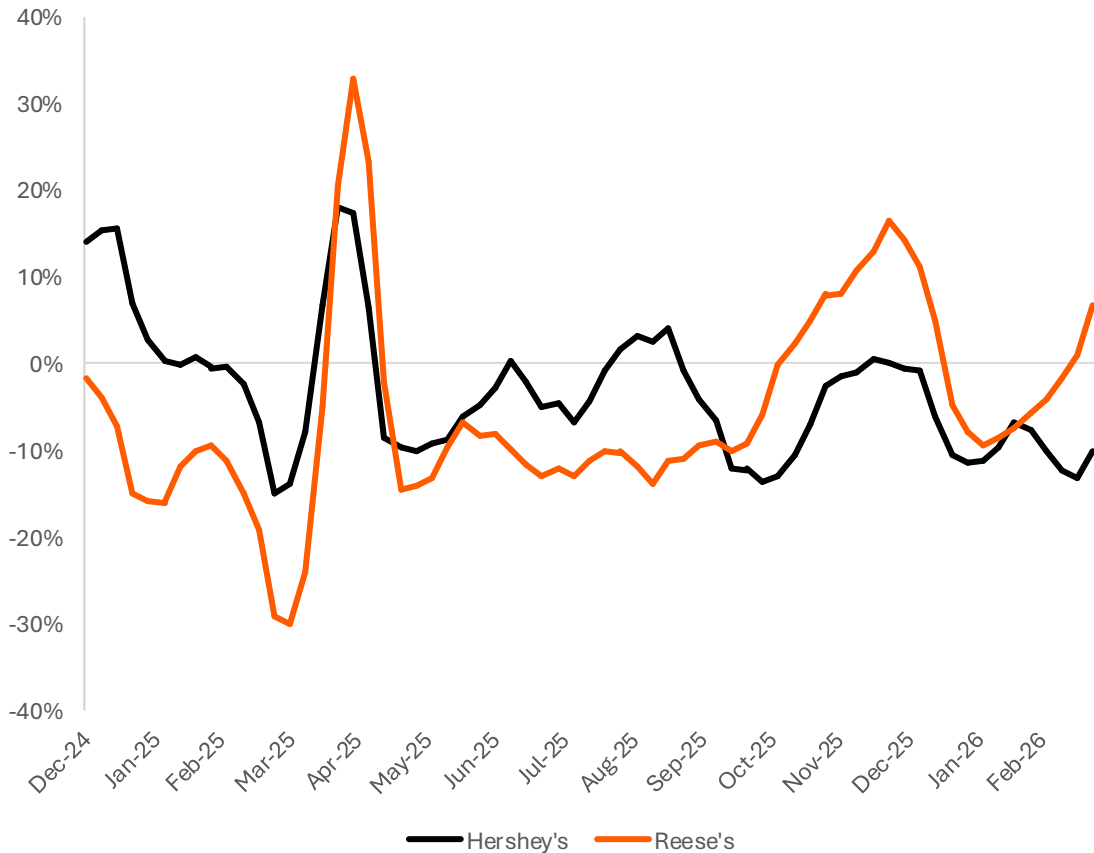
Salty Snacks Brand Spend Share by Generation



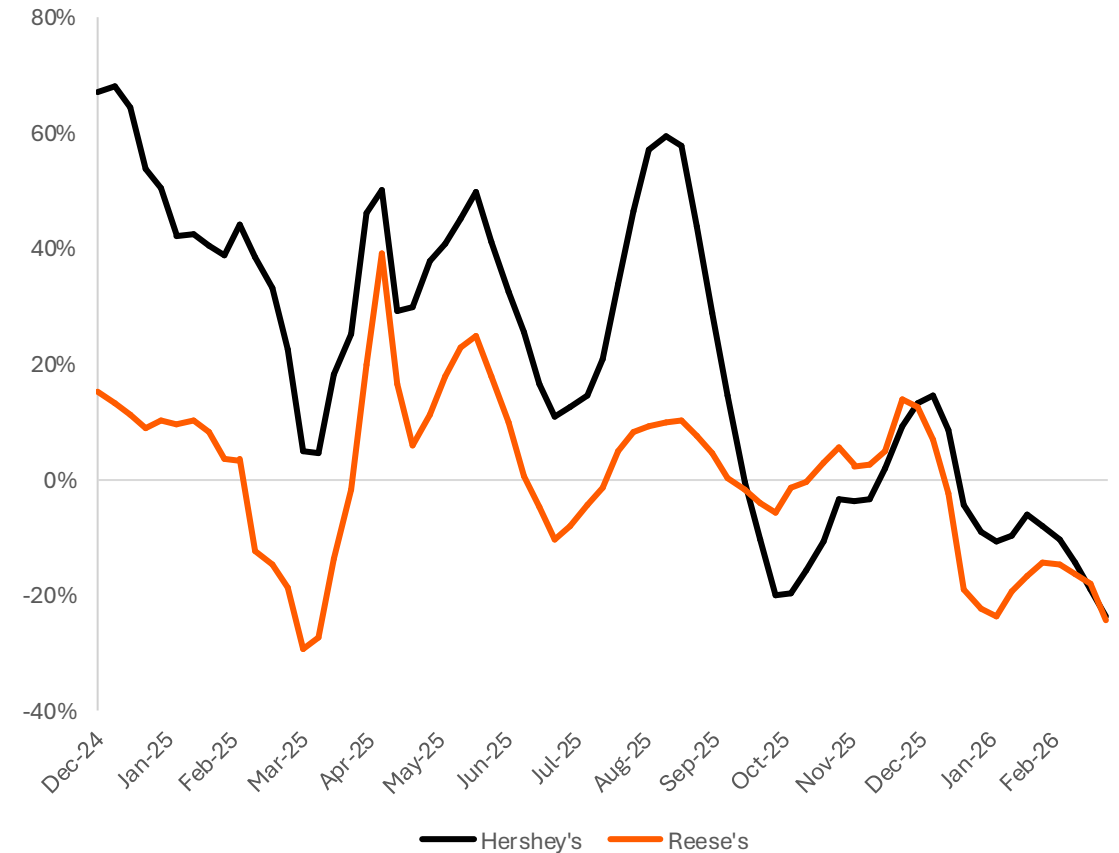
# Pricing Fatigue Setting In - Both Core Brands Now Negative on a 2-Year Stack

Seasonal spikes (Easter, holidays) are masking a weakening baseline: outside peak windows, both brands are running -10 to -20% Y/Y in transactions. On a 2-year stack, both have turned negative into 2026.

Rolling 4 Week Transactions Y/Y Growth



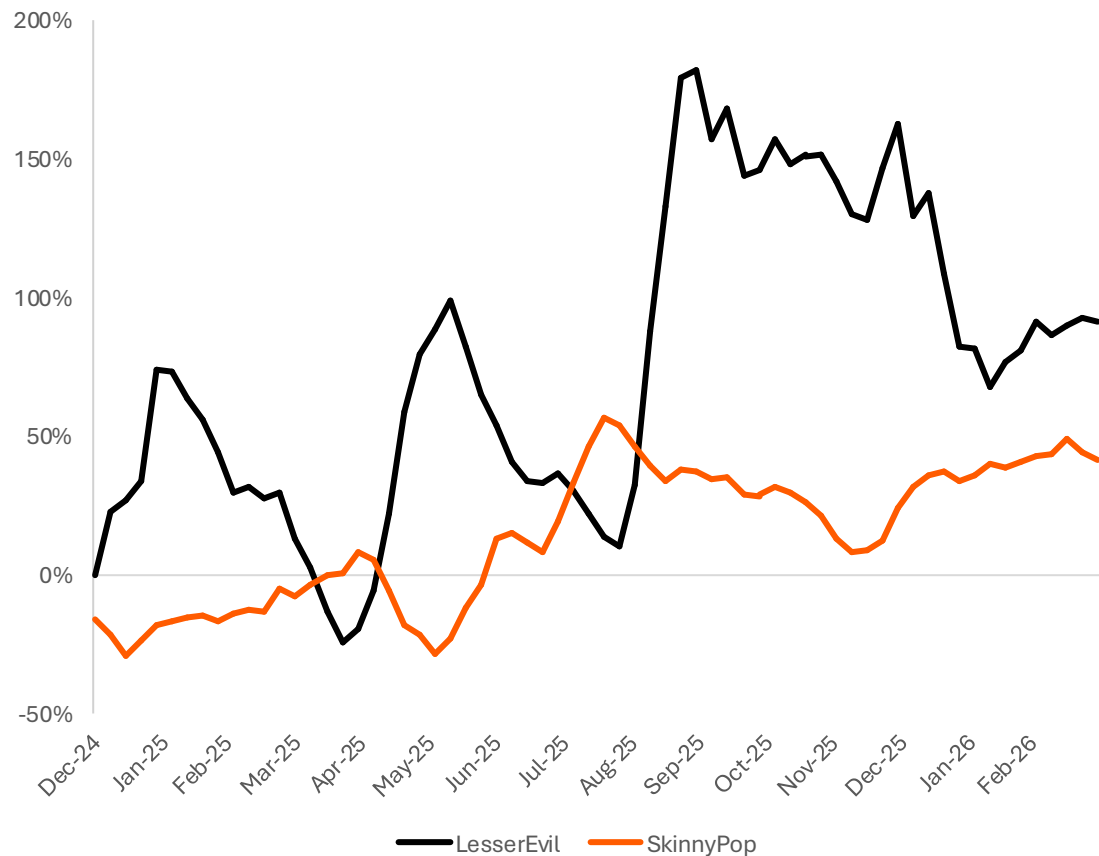
Rolling 4 Week Transactions Y/2Y Growth



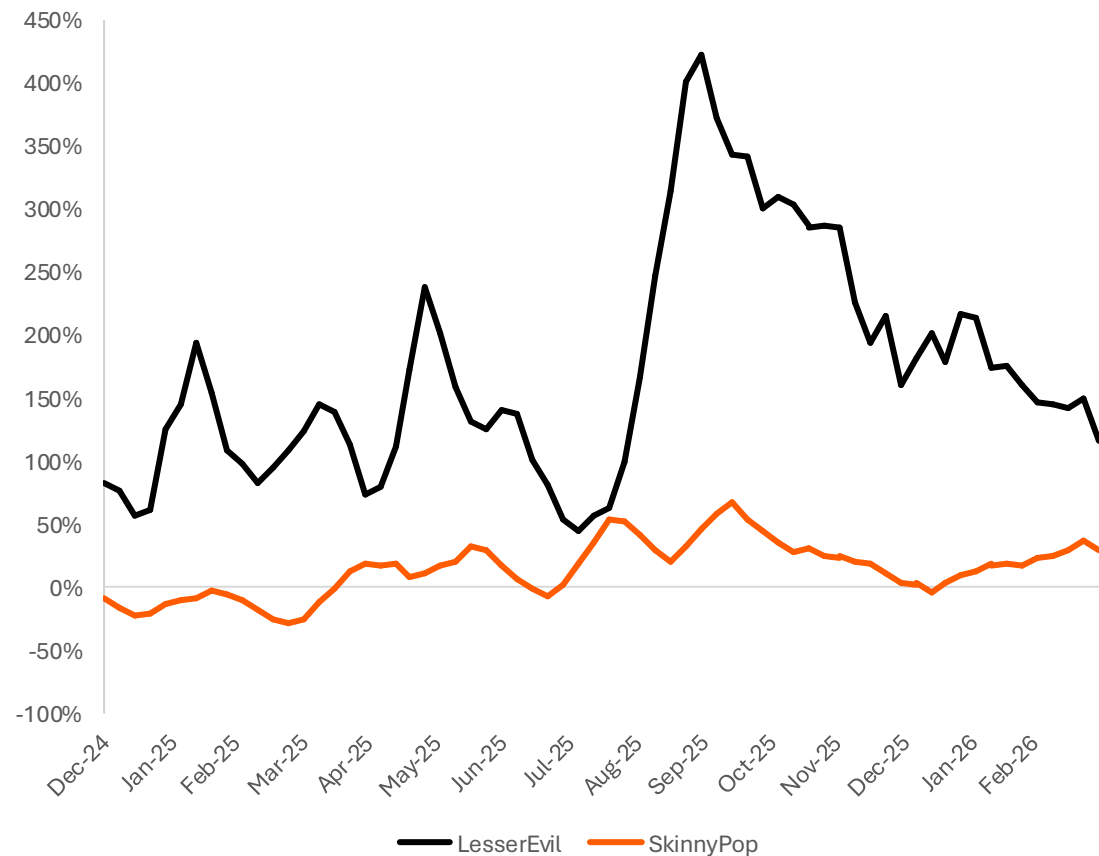
# LesserEvil Transaction Growth Preceded Hershey - Distribution Upside Still Ahead

LesserEvil was already running triple-digit transaction growth on a 2-year stack before Hershey closed the acquisition (Nov. 19, 2025). The pre-deal surge reflects the brand's own organic momentum; Hershey's distribution push via the ONE Hershey model is just beginning.

Rolling 4 Week Transactions Y/Y Growth



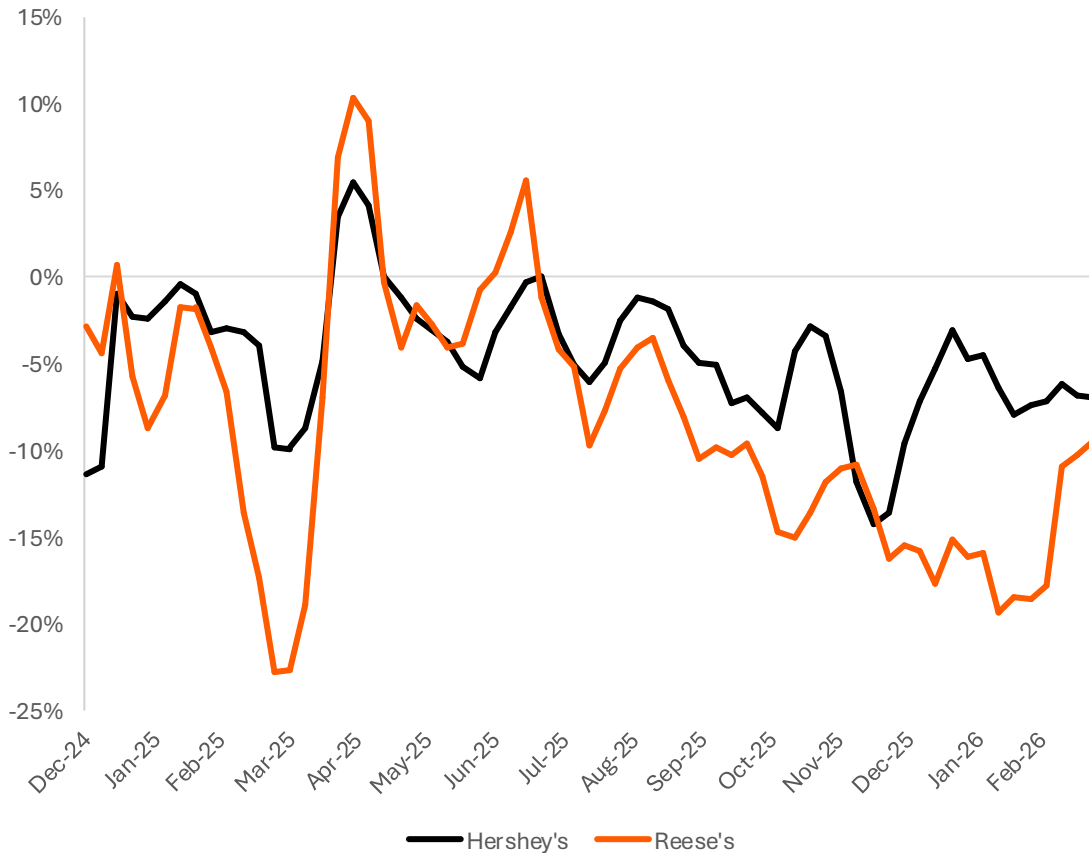
Rolling 4 Week Transactions Y/2Y Growth



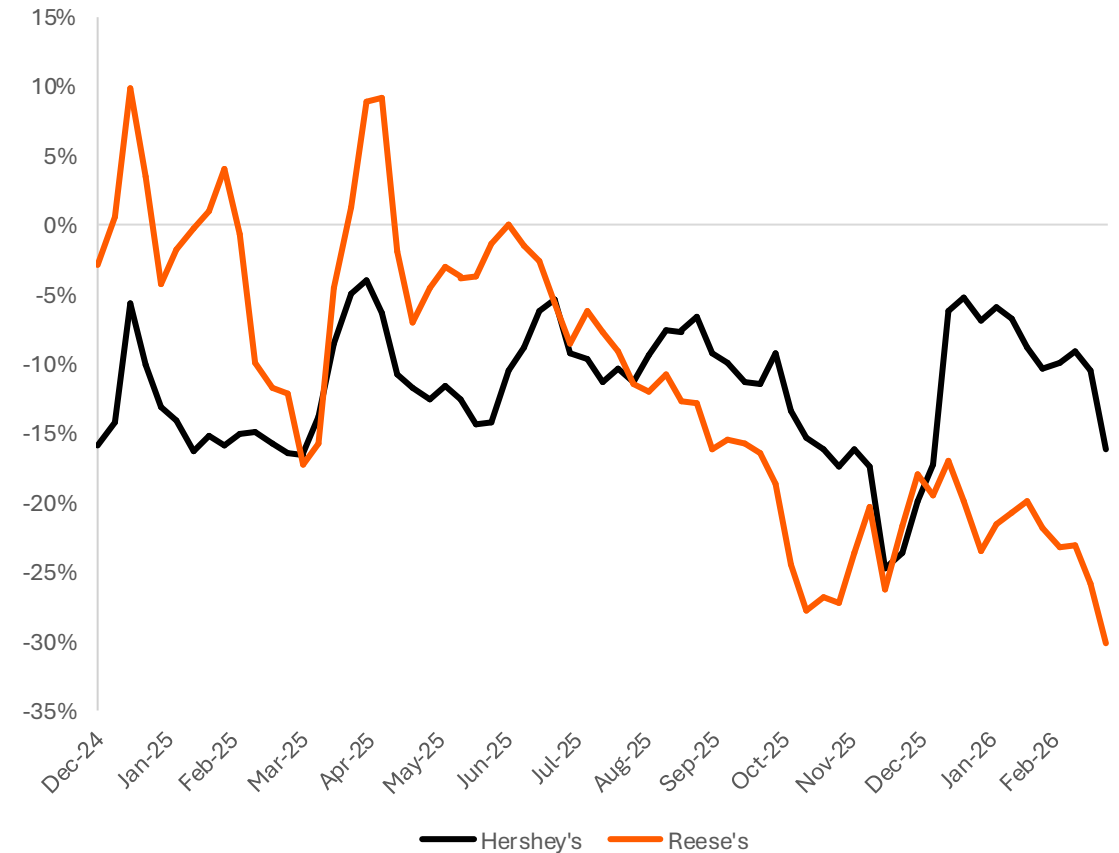
# Supermarket Transactions Weaker - Muted Seasonal Lifts, Accelerating Declines

Both brands have been negative on a 2-year stack for most of the period - earlier and deeper than mass retail. Seasonal spikes (Easter, holidays) that drove sharp transaction recoveries at mass retailers are largely absent in supermarkets.

Rolling 4 Week Transactions Y/Y Growth



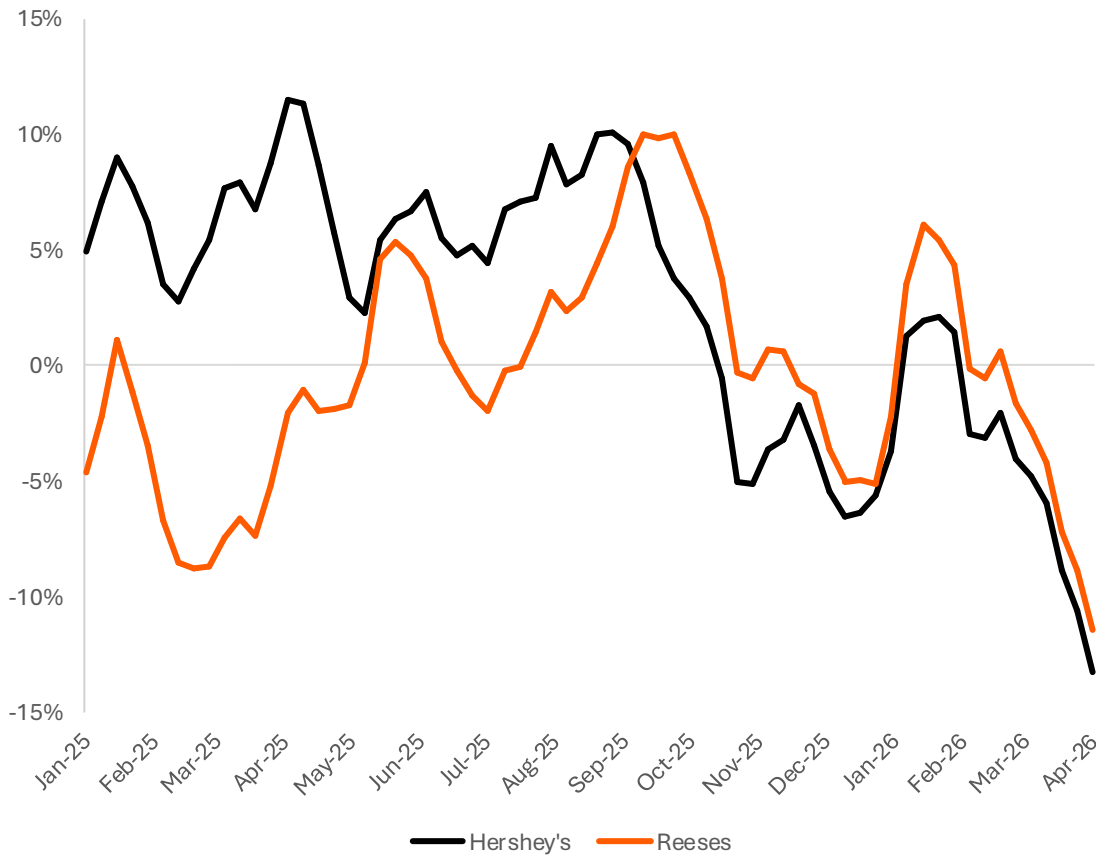
Rolling 4 Week Transactions Y/2Y Growth



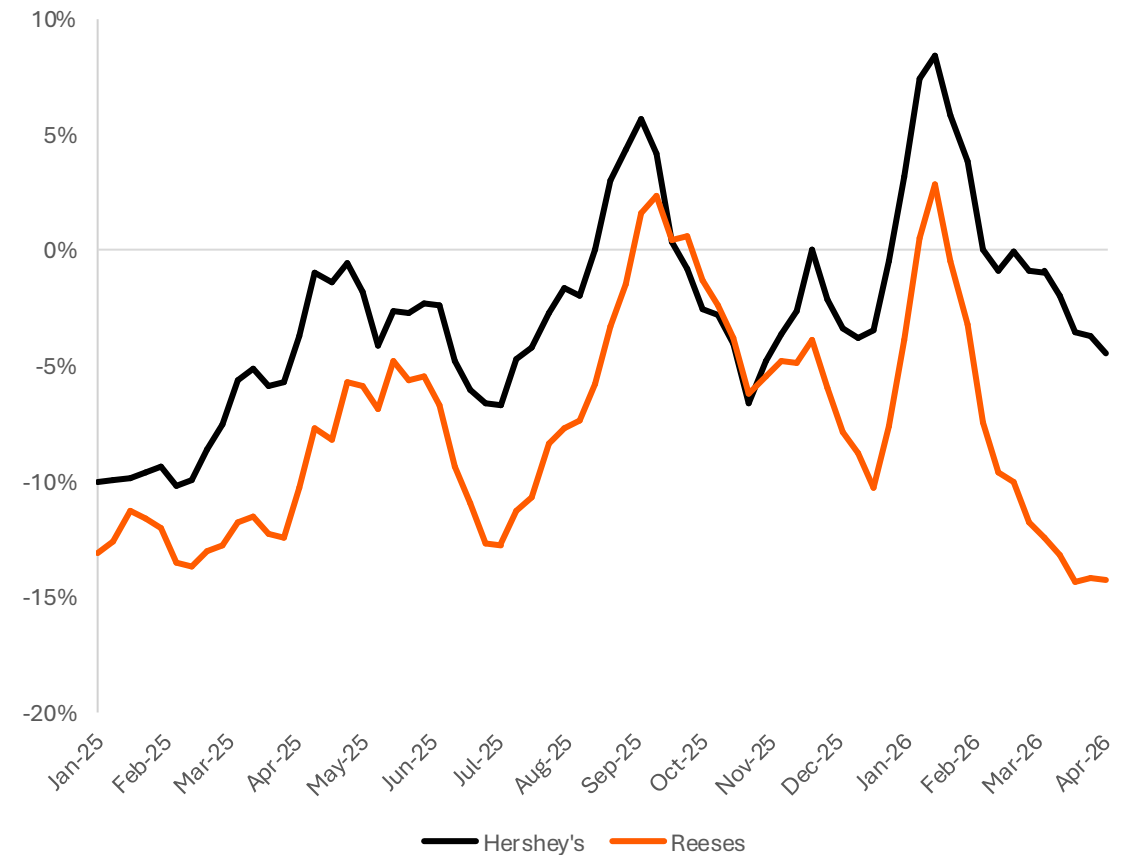
# Ingredient Controversy Compounding Convenience Weakness Across Both Brands

In February 2026, the Reese's founder's grandson went viral accusing Hershey of swapping real chocolate for compound coatings across select products. Hershey pledged to revert to classic recipes - but not until 2027. Both brands are deteriorating in convenience into early 2026, consistent with near-term company-level reputational damage.

Rolling 4 Week Transactions Y/Y Growth



Rolling 4 Week Transactions Y/2Y Growth



# Hershey's Losing Ground to Peers in Convenience as Volume Declines Accelerate

All three players are declining, but Hershey is falling fastest - running the steepest volume drops in convenience. Spend held up longer on pricing but has now also turned negative. The widening gap versus Mars and Ferrero reflects an incremental headwind that coincides with the Reese's recipe controversy in February.

Rolling 4 Week POS Volume Y/Y Growth



Rolling 4 Week POS Spend Y/Y Growth

