Highlight™

Countering the Macroeconomy Taking Back Innovation

Highlight Webinar Series July 2025

Great to meet (or see) you!

Carly Shira

Head of Customer Development

Degree in Economics & Psychology with a focus on consumer choice frameworks & behavioral economics

Why I'm in Insights: Obsessed with human behavior

Current podcast obsessions: The Telepathy Tapes & anything by Brene Brown

Current product obsessions: Oikos Pro yogurt shakes, International Delight Cold Foam Creamer, Blood Orange Spindrift, Carhartt Overalls, Canyon Bikes, Moment Skis

Agenda

Empowering brands to counter the mounting pressures of the macroeconomic and sociopolitical environments

Brand pressures

The challenges and pressures facing brands

01

Consumer pressures

How this translates to the consumer mindset

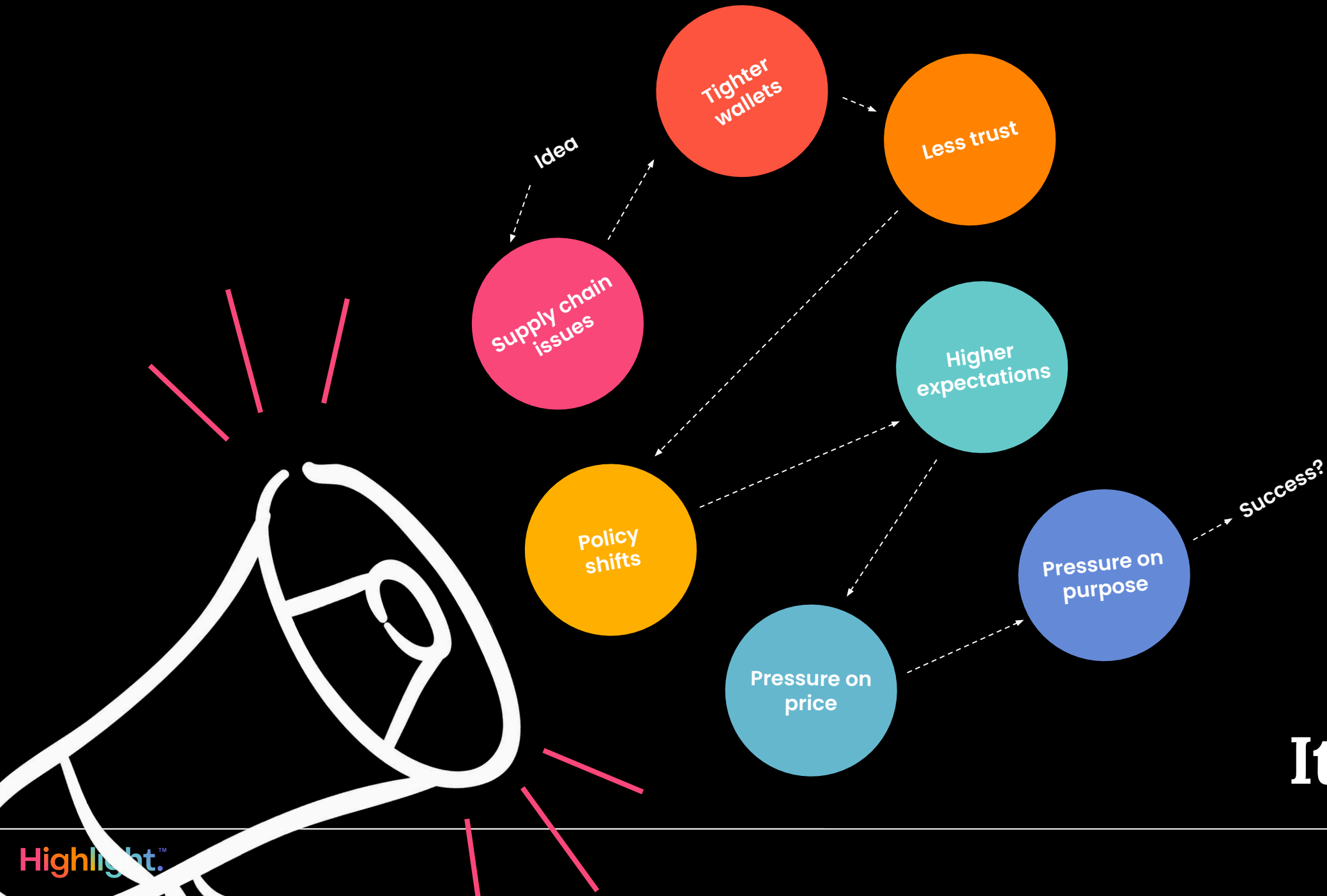**02**

Your innovation & renovation toolkit

An actionable framework to 1) drive high impact innovation and 2) protect the core - all grounded in tactical examples

03

Countering the macro checklist

Your countering the macroeconomic consumer-centric checklist

04

Highlight.™

It's noisy.
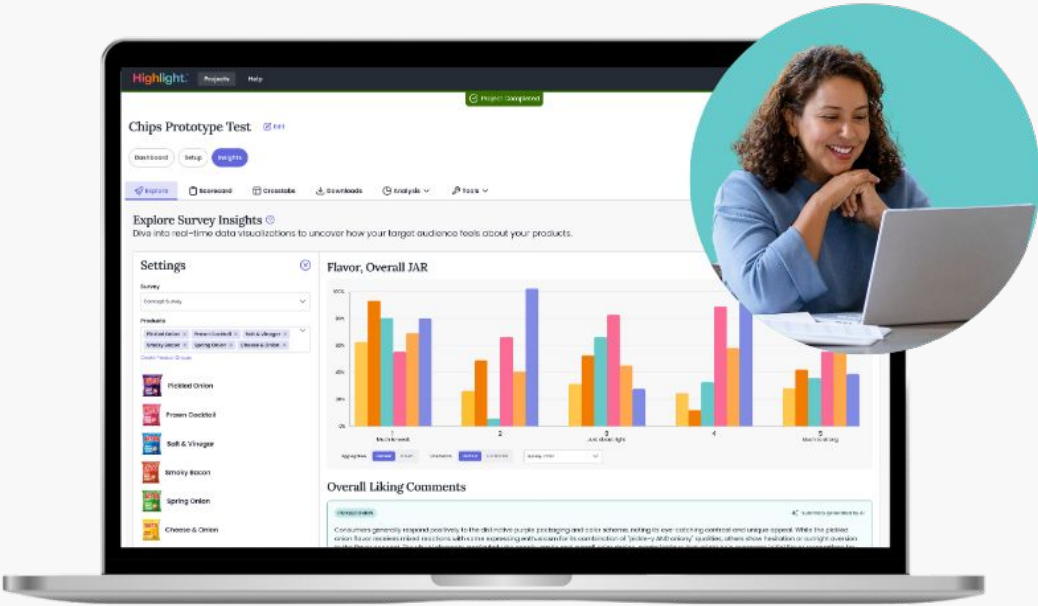
Taking Back Innovation

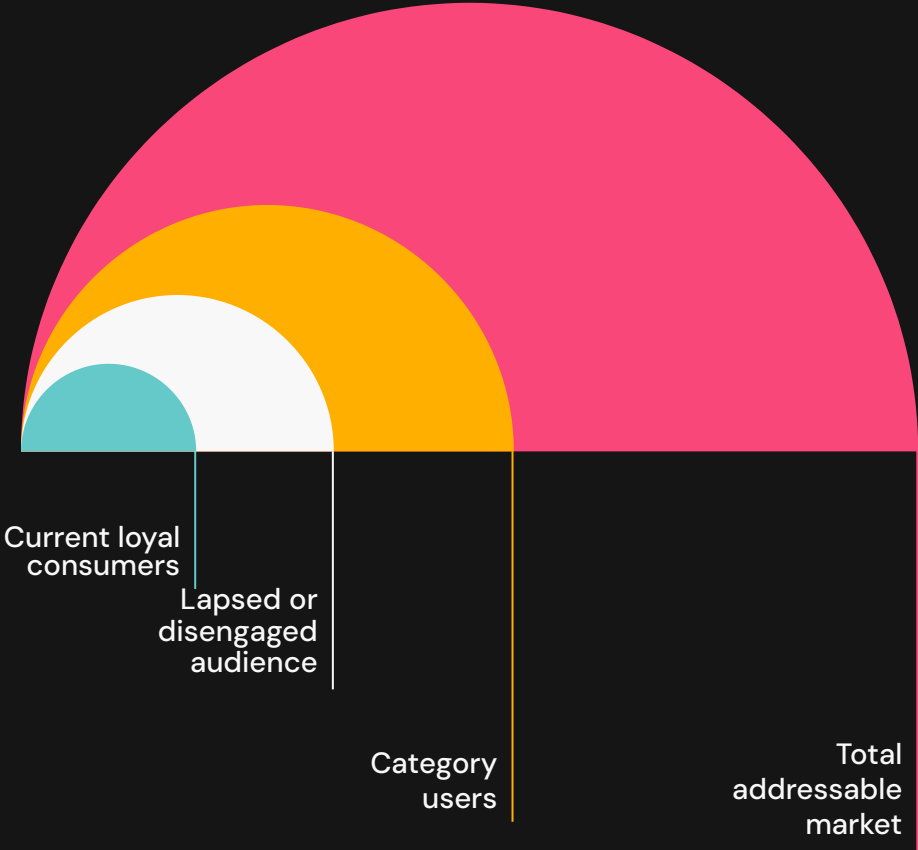Brand Pressures   Consumer Pressures

Drive high impact innovation.

Maximize resources and respond to rapidly evolving consumer preferences.

Protect the core.

Get ahead of supply & price changes to ensure your product delivers consumers delight.

Current loyal consumers

Lapsed or disengaged audience

Category users

Total addressable market

Highlight.™

01

Brand pressures

External brand pressures

01

Supply Chain Disruptions & Rising Costs

On average, each supply chain **disruption costs companies $1.5 million per day.**

Tariffs have already pushed up prices on consumer goods like household items, personal care products, and non-food essentials.

02

Pricing Pressure & the Value Perception Gap

U.S. private-label food sales grew 4.1% in 2024—nearly four times faster than national brands—and now represent 22% value share of the market

03

Shifts in Consumer Behavior & Expectations

81% of consumers say they need to trust a brand before buying and **64% expect brands to take a stand on social issues.**

Purpose vs. follow-through: **While 72% expect brands to contribute to societal good, only 46% believe brands actually do so.**

Highlight.™

H

Internal brand pressures

04

Pressure to innovate - faster and better, with fewer dollars

The average innovation lifecycle in the CPG and broader R&D space has **shrunk by roughly 40%**

05

Insight overload & lack of clarity

One study found that **80% of insights teams spend most of their time just wrangling data**

Highlight.™

So what does this mean?

Brands are expected to navigate more complex systems, pressures, and policies with fewer resources at a faster pace than ever.

Pace of change X Complexity of change = Confidence & clarity

I.e. the pace of change and the complexity of change are interacting as force-multipliers to make our jobs harder. But we'd wouldn't be in insights if we didn't love a challenge.

↑ **Pace**
Of change

x

↑ **Complexity**
Of change

=

↓ **Clarity**
Of how to respond to demands

Highlight.™

02 Consumer pressures

Consumer pressures

01

Financial strain is real & inflation uncertainty is high

Inflation may be easing on paper, but prices still feel high. A Reuters survey this May showed that **81% of consumers list inflation as their top concern, and over half have pulled back on discretionary spending.** That's not a budgeting tactic—it's a survival one.

People are strained.

02

Choice paralysis & option overload

Up to **75% of online shoppers abandon carts when overwhelmed by choice**

In the past **7 years, 18% increase in assortment size** despite store footprints remaining relatively flat.

People are overloaded.

03

Emotional Burnout & Mistrust

People are overwhelmed — by news cycles, climate threats, AI disruption, and cultural noise. There's a growing crisis of trust in institutions, media, and brands.

People are tired.

Highlight.™

We wanted to hear directly from consumers

In a study conducted in July of 2025 of n=1,000 Highlighters (Highlight's proprietary community), we found that:

62%

Of Highlighters shared that **money feels either somewhat or much tighter than a year ago**

67%

Eating at home more often

55%

Buying fewer non-essentials

57%

Shopping sale more actively

Which of the following actions are you currently taking to better manage your spending?

Not willing to budge on:

Women: **Coffee (especially as an experience)** is the single most commonly mentioned non-negotiable item. High quality food is the most common category, but "coffee" beats all other single-item mentions.

Men: The most frequently mentioned non-negotiable item is **food, especially healthy, quality, or favorite foods.** Coffee and streaming services also rank highly but are a distant second to food.
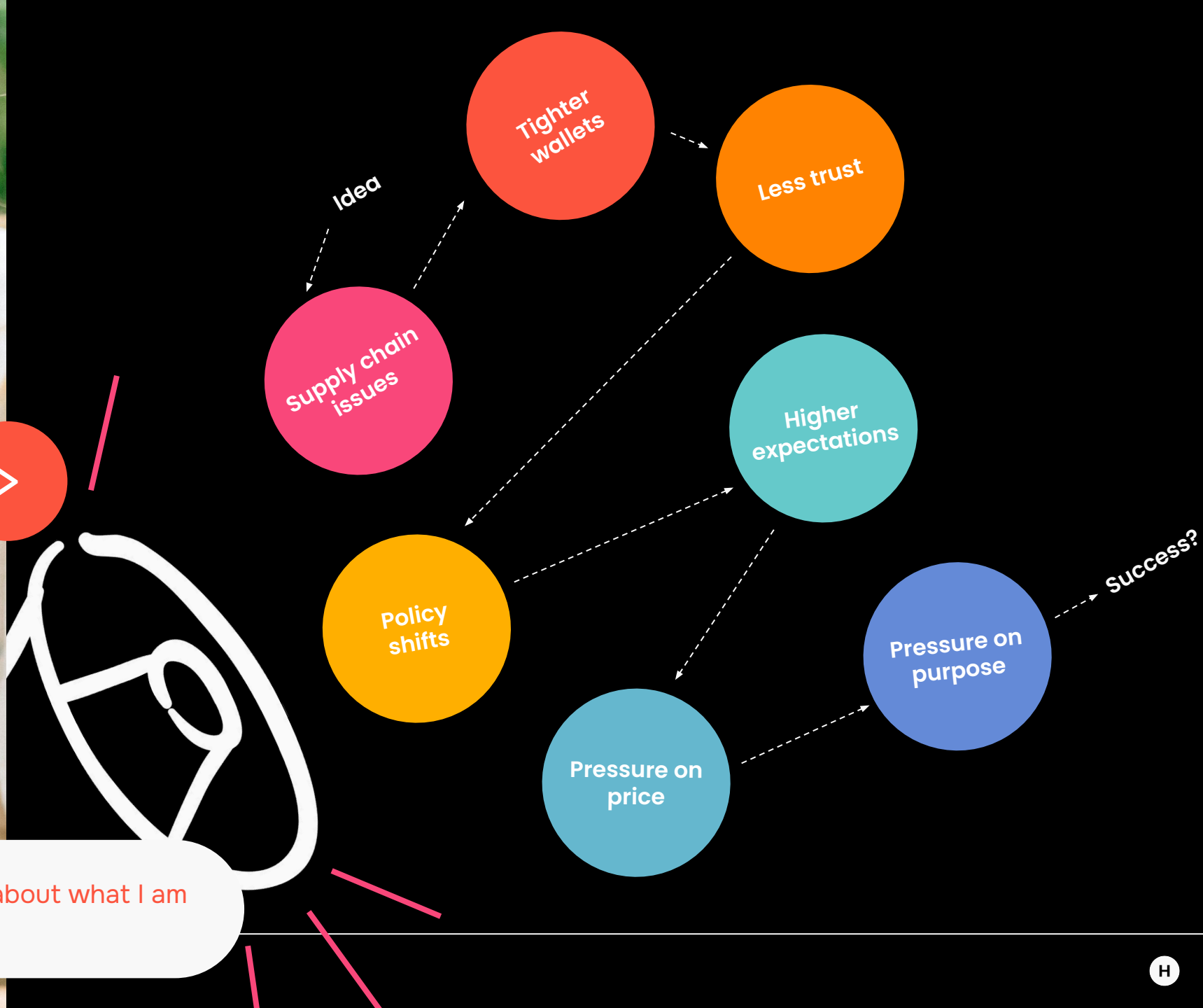
So what does this mean?

Consumers are facer greater budgetary restrictions and uncertainty with higher expectations for brands and more choices than ever.

Financial strain → Reevaluating value & spending and adjusting everyday habits

Choice overload → Seeking shortcuts & simplification with clarity top of mind

Emotional fatigue → Turning to brands for stability, identity, and care seeing everyday indulgences

↑ **Choice**
Increased choice

x

↑ **Expectations**
Higher brand & product expectations

x

↓ **Budget**
Inflation & less expendable income

x

↓ **Certainty**
Decreased economic certainty

=

↑ A More Demanding, Less Predictable Consumer

Highlight.™

H

"I'm obviously super stressed about what I am looking it."

Idea

Tighter wallets

Less trust

Supply chain issues

Higher expectations

Policy shifts

Success?

Pressure on purpose

Pressure on price

"I'm the first picture that shows up when you search confidence... so very cool."

03 Your toolkit

01

Adapt an iterative foundational mindset

Deeply understand how consumer perception, expectations, and behaviors are evolving.

02

Drive high impact innovation by bridging disciplines

Deeply understand how consumer perception, expectations, and behaviors are evolving.

03

Protect the core through proactive renovation research

Get ahead of supply & price changes to ensure your products continue to deliver

Highlight.™

01

Adapt an iterative foundational mindset

Deeply understand how consumer perception, expectations, and behaviors are evolving.

01

Adapt an iterative foundational mindset

Deeply understand how consumer perception, expectations, and behaviors are evolving.

Challenge:
A leading Food & Beverage company was focused on breaking into the plant protein snacks space - and now has 50% less budget to do so. In order to develop a deeper a foundational understanding of the unmet needs in the space today & where the major players in the category are over and under-delivering against consumer expectations, the Food & Beverage brand leveraged Category Assessor.

Hack: Getting the most out of study real-estate
Through an iterative pre-trial quantitative exploratory survey to develop category understanding + sending 4 leading plant-based protein snacks in-home, the brand could confidently identify how they wanted to enter the space.

Solution: Within-study iteration
Part 1 - Digital survey (Touchpoint 1): Build a deep foundational understanding that drives product innovation by identifying unmet consumer needs, exploring differentiation opportunities, and uncovering areas for product improvement. The survey will focus on uncovering consumer pain points, specific product expectations, and future trends to inform and guide product development.

Part 2 - Product in hand experience (Touchpoints 2-5, randomized product trial surveys): This approach will help identify areas of over-delivery and under-delivery relative to consumer expectations. By assessing competitors' strengths and weaknesses, this research will uncover key opportunities for innovation, guiding the brand in refining and enhancing its product offerings to better meet consumer needs.

Highlight.™

H

02

Drive high impact innovation by bridging disciplines

Deeply understand how consumer perception, expectations, and behaviors are evolving.

02
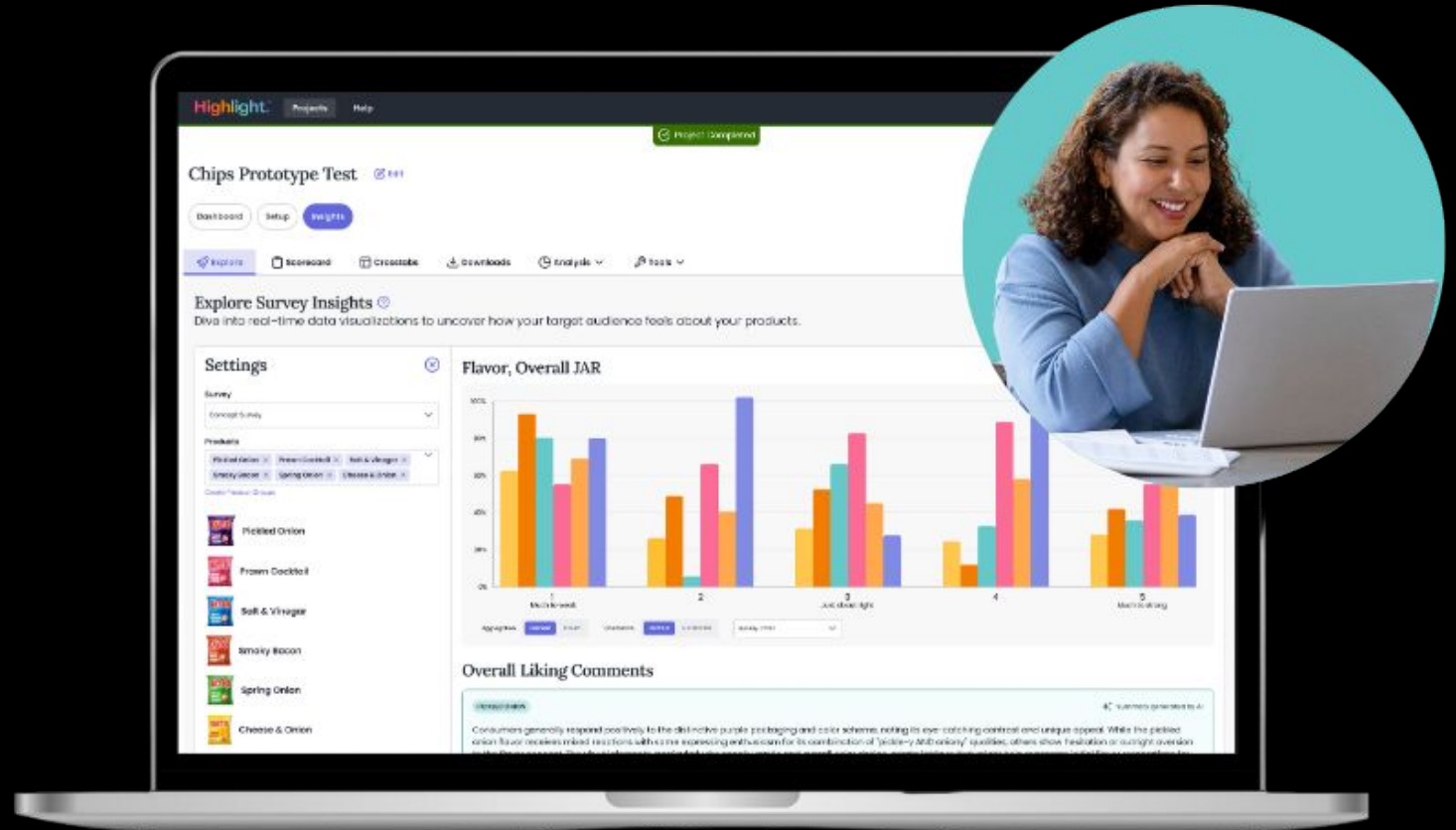
Drive high impact innovation by bridging disciplines

Deeply understand how consumer perception, expectations, and behaviors are evolving.

The Challenge:
A leading food manufacturer that was to develop a new snack product for health-conscious consumers leveraging GLP-1 drugs. Despite having strong syndicated data on health trends, it was really challenging to create a product that matched sensory expectations... without the context of what it was solving.

Hack: Get the product in consumers hands quick
With this - the team decided to take a new approach. Instead of testing sensory & concept separately, they worked to integrate consumer sensory data with consumer insights and conduct in-home testing. Goal? Unlock tradeoffs.

Solution: Concept evaluation + "blinded" paths for the product prototype
Part 1 - understand the resonance of the concept and if it solved the true consumer need they were looking to solve (identified through foundational research).
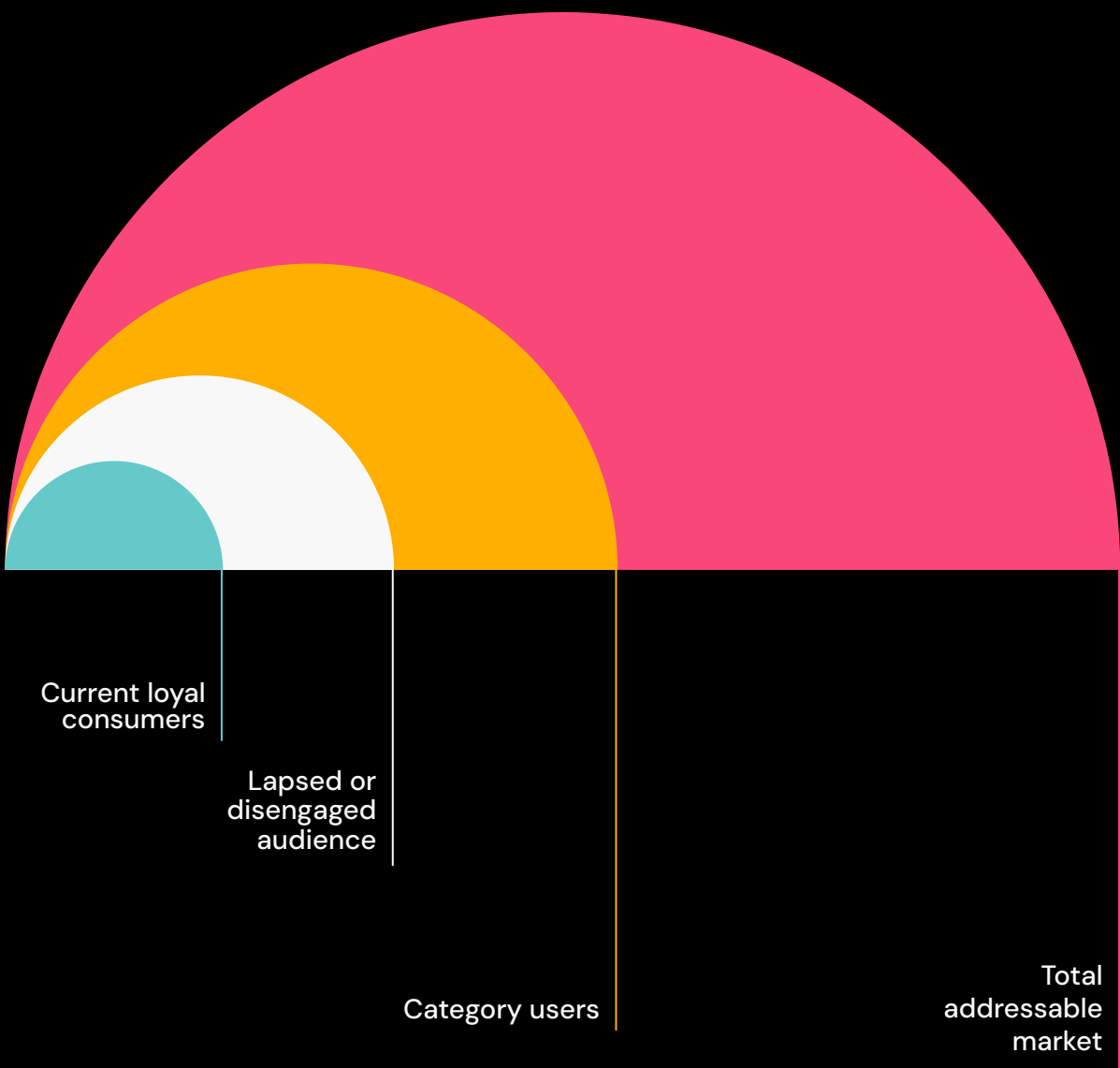
Part 2 - they had three different "paths" of the product they were exploring. The team put the three products in consumers hands to not only understand sensory feedback grounded in consumer sensory best practices (taste, texture, aroma, etc.) but also how well the product paths delivered against the concept.

By combining Insights (concept resonance) with consumer sensory (Penalty analysis) to identify key areas of optimization and clarity of next steps, What they found was that, consumers were willing to make certain sacrifices on the sensory experiences when grounded in the holistic concept.

03

Protect the core through proactive renovation research

Get ahead of supply & price changes to ensure your products continue to deliver

Current loyal consumers

Lapsed or disengaged audience

Category users

Total addressable market

Highlight.™

03

Protect the core through proactive renovation research

Get ahead of supply & price changes to ensure your products continue to deliver

The Challenge:
Due to supply chain shifts and associated cost cutting mandates, a leading, a CPG organization had to reformulate one of its highest performing SKUs that has a loyal and frequent consumer base.

Hack: Proactive alienation impact + category audience assessment
Rather than focus strictly on how the formulation would affect current loyal consumers, the brand took this as an opportunity to **evaluate not only current loyal consumer** but the possibility of **re-engaging lapsed and disengaged consumers**. Loudly.

Solution: Concept evaluation + "blinded" paths for the product prototype
One brand came to us mid-cost crisis. Their instinct was to reformulate quietly and hope loyal consumers didn't notice (not knocking the importance of discrimination testing here). But instead, we worked with them to listen to their consumers—really listen—to understand what mattered most about the PRODUCT they loved to ensure minimal consumer impact. **They brought in a separate quantitative cell of lapses and disengaged users, balancing the possibility to maintain the core and recapture loyalty.**

Alienation Analysis

Assess the risk of losing users due to product changes by comparing Overall Liking responses between products. This analysis uses Overall Liking as an indicator of user satisfaction and potential purchase behavior.

Control *

Nacho Cheese

The current or original product that serves as the baseline for comparison.

Test *

Veggie

The new or modified product you're evaluating to see how it might affect user preferences and purchase intent.

3% ALIENATION RISK **Low Potential for User Loss**

This calculation measures the percentage of users who prefer the **Nacho Cheese** product but are unlikely to purchase the **Veggie** product (based on low Overall Liking scores for the test and high scores for the control). An alienation score that does not exceed the noise score indicates minimal potential for losing loyal customers, making the change relatively safe to consider.

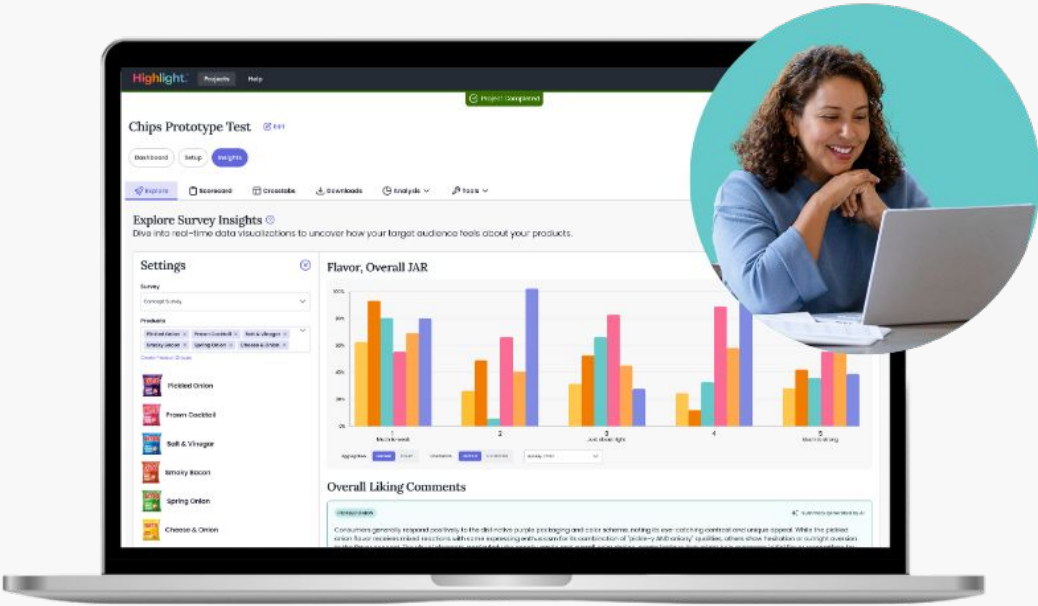| Response Category ⓘ	Count	Percentage
Alienated	1	3%
Noise	8	23%
Liked	18	51%
Disliked	8	23%
Total	**35**	**100%**

04

Your countering the macro checklist
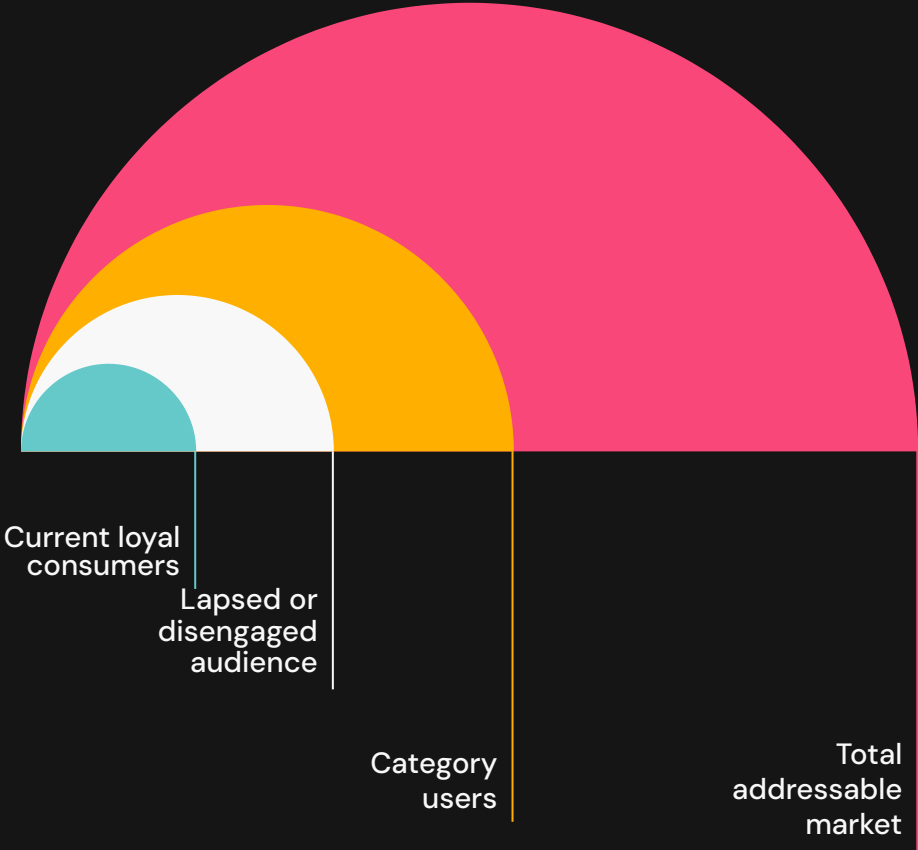
We've talked about a lot...

Drive high impact innovation.

Maximize resources and respond to rapidly evolving consumer preferences.

Protect the core.

Get ahead of supply & price changes to ensure your product delivers consumers delight.

Current loyal consumers

Lapsed or disengaged audience

Category users

Total addressable market

Drive high impact innovation.

Maximize resources and respond to rapidly evolving consumer preferences.

Explore

Agile Foundational: Stay ahead of evolving consumer needs by uncovering shifts in preferences, behaviors, and brand relationships.

Build

De-risk innovation and optimize product development through agile, cost-effective testing that 1) bridges consumer sensory & insights disciplines 2) combines the power of qual & quant.

Validate

Validate with confidence using flexible, rigorous approaches that balance speed, internal alignment, and market-readiness.

Highlight.™

Drive high impact innovation.

Maximize resources and respond to rapidly evolving consumer preferences.

Explore: Rebuilding doesn't mean restarting

✓ Do I have a clear understanding of how **consumer preferences and behaviors evolving as it relates to my product or brand?**
✓ Have I identified what is having the biggest impact on my core consumers and how is it changing the **relationships with product** and brand decisions?

Prototype: Bridging disciplines to drive efficiency

✓ Have I taken the steps to **de-risk innovation** through agile sensory and prototype testing that bridges insights & sensory best practices?
✓ Have I layered in the texture of the consumer voice via **qualitative** with to bring their lived experience to life?
✓ Building on my foundation work, have I ensured my product **outperforms the competition across concept, product, pack, & use**?
✓ Have I identified the **price range** that best aligns with consumer perceptions of value for my product?

Validate & Launch: Grounded in the holistic consumer experience

✓ Have I ensured my product delivers 1) against a core unmet or undermet need and 2) delivers against the expectations of the communication (concept)?
✓ Have I explored agile alternatives to my legacy validation partners to **balance agility with normative rigor?**

Highlight.™

Protect the core.

Get ahead of supply & price changes to ensure your product delivers consumers delight.

Understand

Agile Foundational: Diagnose in-market performance to understand competitive position and key drivers of success.

Optimize

Manage product changes with precision to reduce consumer disruption and navigate cost or formula shifts.

Rationalize

Optimize portfolios and sell-in strategies by identifying high-impact products and grounding decisions in real consumer experiences.

Highlight.™

Protect the core.

Get ahead of supply & price changes to ensure your product delivers consumers delight.

Understand:

✓ If performance of my in-market products have shifted, have I clearly identified the **drivers of performance** and core reasons for this shift?
✓ Have I benchmarked the performance of my product to identify how my **in-market products stacking up** against competitors?
✓ Based on the above, have I clearly articulated what we need to do in order to protect or shift our position?

Optimize:

✓ Have I leverage agility balanced with rigor to understand the alienation impact of a product change due to: **change supply chains, formula, ingredients, packaging, etc**?
✓ Have I explored the potential to bring in new consumers from the category to my product with the change (i.e. how will this **impact the current and category consumers**?)

Rationalize & Extend:

✓ With the pressure to **rationalize my portfolio**, do I have a clear understanding of what the most important SKUs, product, favors, etc. to maintain reach with the highest number of unduplicated consumers?
✓ Have I married quantitative and qualitative to build to **build a powerful sell in story** to maintain or secure retail space?

Highlight.™

H

We've got you covered!

Explore: Rebuilding doesn't mean restarting

✓ Do I have a clear understanding of how **consumer preferences and behaviors evolving as it relates to my product or brand?**
✓ Have I identified what is having the biggest impact on my core consumers and how is it changing the **relationships with product** and brand decisions?

Prototype: Bridging disciplines to drive efficiency

✓ Have I taken the steps to **de-ri**
✓ Have I layered in the texture of
✓ Building on my foundation wor
✓ Have I identified the **price rang**

Validate & Launch: Grou

✓ Have I ensured my product de
   communication (concept)?
✓ Have I explored agile alternativ

Understand:

✓ If performance of my in-market products have shifted, have I clearly identified the **drivers of performance** and core reasons for this shift?
✓ Have I benchmarked the performance of my product to identify how my **in-market products stacking up** against competitors?
✓ Based on the above, have I clearly articulated what we need to do in order to protect or shift our position?

Optimize:

✓ Have I leverage agility balanced with rigor to understand the alienation impact of a product change due to: **change supply chains, formula, ingredients, packaging, etc**?
✓ Have I explored the potential to bring in new consumers from the category to my product with the change (i.e. how will this **impact the curren and category consumers**?)

Rationalize & Extend:

✓ With the pressure to **rationalize my portfolio**, do I have a clear understanding of what the most important SKUs, product, favors, etc. to maintain reach with the highest number of unduplicated consumers?
✓ Have I married quantitative and qualitative to build to **build a powerful sell in story** to maintain or secure retail space?

As a follow up, you'll receive this full deck, including the handy dandy checklist!

Highlight.™

05

Some final thoughts...

Taking back innovation means...

01 **There is power in naming the pressures.**

02 **Innovation & renovation are not dead.**

03 **You're not alone. You have a tools + a community of partners, innovators, and insights professionals.**

We have an opportunity for more **agile, efficient, product insights that lead to more human innovation.**

Highlight.™

H

05

Q&A

Excited to open it up to questions!

Highlight.™

Thank you.

Highlight.™

We wanted to hear directly from consumers

In a study conducted in July of 2025 of n=1,000 Highlighters (Highlight's proprietary community), we found that:

- **Most people are adjusting their habits** — and we're seeing it show up in purchasing decisions.

- **Financial pressure is driving behavioral shifts**—but not without emotional calculation.

- **Food, wellness, and small comforts are fiercely defended.**

- **Trading down ≠ trading off** — value still has to feel good.

- **A reset mindset is guiding everyday choices:** practical, intentional, and values-led.

Highlight.™