Power of Meat 2020
An in-depth look at the meat retailing through the shoppers’ eyes

Presented by:
Anne-Marie Roerink | 210 Analytics

Made possible by:

The Power of Meat 2020

- Consumer survey
  - December 2019 among 1,506 shoppers
  - 15 years and running
  - Hindsight, insight and foresight
  - Market examples and consumer videos
  - Made possible by Cryovac

- Real-life overlay by IRI, Spins & Nielsen

- For the industry by the industry
Study taskforce
A big thank you to all of you who help make POM a success year after year

Topics zeroed in on three areas
Moving from operational, tactical topics to a higher level understanding

- The new ways of cooking/eating
- Shopping reinvented
- Ethical & healthy living
- Understanding meat/poultry’s role in a brave new world
Vegan is moving from weird to hip, healthy and ethical
Meanwhile, animal protein is in the dog house

Why the Beef and Dairy Industries Are on a Cow Path to Oblivion

The trends are ominous. Environmental activists have been pointing out the brontosaurus-sized carbon footprint of eating small amounts of beef, comparing it to the minuscule atmospheric impact of plant-based alternatives. Upstart companies like Impossible Foods and Beyond Meat have developed great-tasting and wildly popular burger substitutes.
And recently, a report from think tank RethinkX predicted the dairy and cattle industries will be defunct by 2030, as scientists develop new types of meat- and milk-type products that are tastier and easier on the environment at a lower cost.”

In reality, huge strides have been made
In animal welfare and minimizing the environmental impact

**Ethical raising principles**

soon we care® ETHICAL PRINCIPLES — INCLUDING ANIMAL WELFare AND FOOD SAFETY — GUIDE THE ENTIRE INDUSTRY.

**ON THE FARM**
More than 71,000 farmers and farm employees are Transport Quality Assurance Plus® (TQA Plus®) certified — a set of working guidelines that enables the industry to exceed the highest levels of animal care and food safety.

**ON THE ROAD**
More than 21,000 drivers and plant employees are TQA Plus® certified, ensuring the highest quality of animal welfare remains in the supply chain for both consumer and food safety.

**AT THE PLANT**
Most plants require suppliers to have TQA Plus® certification to maintain current PQA Plus® Site Status.

**AT THE STORE**
85% of all U.S.-raised pork comes from PQA Plus® certified farms.

**More efficient agriculture**

It takes 75% fewer resources to produce the same amount of chicken than it did in 1965!

- **72%** farm land
- **58%** water
- **39%** fossil fuels

Learn more about sustainability at ChickenCheckIn.

Sources: The National Pork Board and the National Chicken Council
In reality, these aren’t huge discussion topics
But it is a loud, and at times highly negative, minority

2019 mentions in social media public conversations

<table>
<thead>
<tr>
<th>Topic</th>
<th>Mentions</th>
<th>Net sentiment</th>
</tr>
</thead>
<tbody>
<tr>
<td>McDonald’s</td>
<td>36.4M</td>
<td>+31%</td>
</tr>
<tr>
<td>Alternative meat</td>
<td>2.0M</td>
<td>+7%</td>
</tr>
<tr>
<td>Sustainability</td>
<td>12.5M</td>
<td>+6%</td>
</tr>
<tr>
<td>Sustainability - Agriculture</td>
<td>3.7M</td>
<td>+32%</td>
</tr>
<tr>
<td>Animal Welfare</td>
<td>1.8M</td>
<td>-49%</td>
</tr>
<tr>
<td>Animal welfare - Agriculture</td>
<td>101K</td>
<td>-51%</td>
</tr>
<tr>
<td>Antibiotics</td>
<td>1.0M</td>
<td>+11%</td>
</tr>
<tr>
<td>Antibiotics - Agriculture</td>
<td>95K</td>
<td>-27%</td>
</tr>
</tbody>
</table>

Source: Elanco Pulse Institute | 2019 review

In reality, eating meat is still the norm
The share of vegans/vegetarians has been around 5% for 15 years

Best description of how you eat today

- Meat eater: 81%
- Flexitarian: 12%
- Vegetarian/vegan: 4%
- Pescatarian: 3%
This much still the norm
Meat vs. plant-based alternatives $ across the store

$84B

$0.8B

Source: IRI, MULO, 52 weeks ending 12/1/2019

What did I ever do to you?
It’s not your fault, it’s me: changing food culture

how we EAT  •  how we SHOP  •  how we THINK

Pictures: 210 Analytics
When people Google “animal agriculture”...

PETA, animal welfare and factory farming dominate

“When it comes to climate change, animal agriculture is a leading culprit. ... PETA

“People also ask Why is animal agriculture bad”

Negativity can impact how people think about meat

Meat alternatives are pushing hard on achieving perceived superiority

82% Important in balanced diet
POM 2015: Agreement with meat/poultry is an important source of protein and other nutrients for a balanced diet

64% Belongs in the diet
POM 2020: Agreement with meat/poultry belong in a happy, balanced lifestyle
Ensuring meat and poultry’s continued positive role in the diet is crucial

1. Permissibility

2. Favorability

What can I do to make you love me?
From the 4Ps to the 15Ps of meat merchandising
Household engagement is high, and growing
Meat department has opportunity to grow trips and spend per trip

<table>
<thead>
<tr>
<th>Broad reach</th>
<th>Trip magnet</th>
<th>Basket booster</th>
</tr>
</thead>
<tbody>
<tr>
<td>98.2%</td>
<td>41.1</td>
<td>$13.38</td>
</tr>
<tr>
<td>HH penetration</td>
<td>Trips per year</td>
<td>Spend per trip</td>
</tr>
<tr>
<td>-0.3%</td>
<td>+3.3%</td>
<td>+0.6%</td>
</tr>
</tbody>
</table>

Source: IRI, All outlets, 52 weeks ending 12/29/2019 | Reflecting the meat department, including random weight and fixed weight
Generational spending today

Millennials are the largest generation since 2016 but don’t spend the most (yet)

Contribution to every $100 spent on...

<table>
<thead>
<tr>
<th>Generational Group</th>
<th>Meat Department Spending</th>
<th>All Edibles Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>$24</td>
<td>$23</td>
</tr>
<tr>
<td>Gen X</td>
<td>$31</td>
<td>$32</td>
</tr>
<tr>
<td>Boomers</td>
<td>$34</td>
<td>$35</td>
</tr>
<tr>
<td>Seniors</td>
<td>$11</td>
<td>$10</td>
</tr>
</tbody>
</table>

Source: IRI, All Outlets, S2 weeks ending 12/1/2019 | meat department spending vs. all edibles
Generational spending tomorrow
Millennial dollar sales grew 2.4x faster than average; their impact is rising

% of growth in the meat department (new 2019 dollars)

<table>
<thead>
<tr>
<th>Generational Group</th>
<th>Growth %</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>54%</td>
<td>2.4x</td>
</tr>
<tr>
<td>Gen X</td>
<td>41%</td>
<td>1.3x</td>
</tr>
<tr>
<td>Boomers</td>
<td>4%</td>
<td>1.0x</td>
</tr>
</tbody>
</table>


It’s starting: conventional generates 81.5% of $
But claims-based meat punches above its weight in delivering growth

$50.4B Meat department
+1.0% $ gains
$311.0M $ growth conventional
$166.4M $ growth claims-based

2019 $ | 2019 growth
Conventional | 81.5% | 65.2%
Claims-based | 18.5% | 34.8%

Source: IRI, MULO, 52 weeks ending 12/1/2019
The consumer is the disruptor

Millennials and Gen Z are the ones changing food culture...

Value-added & claims based
Prepare a limited # of items
Integrate plant-based
New ways of cooking

Shop at different times
Shop at different places
Frozen foods
Different purchase decision tree

Social responsibility
Sustainability
Healthy living
Technology

How do we balance current spending patterns with future spending power, wants and needs to be set up for success today and tomorrow?
Supermarkets continue to be a meat stronghold
Generational differences drive growth on both ends of the value spectrum

<table>
<thead>
<tr>
<th>Type</th>
<th>All</th>
<th>Gen Z</th>
<th>Millennials</th>
<th>Gen X</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket</td>
<td>53%</td>
<td>44%</td>
<td>48%</td>
<td>54%</td>
<td>65%</td>
</tr>
<tr>
<td>Supercenter</td>
<td>38%</td>
<td>26%</td>
<td>30%</td>
<td>26%</td>
<td>15%</td>
</tr>
<tr>
<td>Club</td>
<td>7%</td>
<td>3%</td>
<td>6%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Limited assortment</td>
<td>5%</td>
<td>9%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Specialty/organic</td>
<td>5%</td>
<td>3%</td>
<td>6%</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Online is growing, but rarely the primary outlet
3 wk lapse between orders; 13% of online shoppers only tried it once or twice

Have bought groceries online

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Have bought meat online

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Big generational divide in online ordering
Peak group are Older Millennials, who are entering their pressure cooker years

40%
Have purchased groceries online 1+ in the past year

49%
Younger Millennials

53%
Older Millennials

34%
Gen X

25%
 Boomers
Online shoppers engage with meat differently
Convenience and health are two big themes

**Online grocery shoppers**
- Core value-added meat/poultry shoppers
- True believers of claims-based meat
- Emphasize planet, people and livestock
- Prefer manufacturer meat/poultry brands
- Buy fresh and processed online
- Higher share of flexitarians
- Buy plant-based meat alternatives and blends

Technology has reset consumer expectations of convenience. Consumers expect you to be where they are. Is the online/offline buying experience seamless? Are we meeting the needs of the very different online shopper?
A closer look at the pinprick
0.9% of total store meat sales, but not all that different from other niche offerings

$759.6M
2019 $ sales
Frozen + meat department

Some $ perspective
$83.8B  Total store meat sales
$2.8B   Frozen meat
$1.3B   Deli-prepared meat
$1.1B   Organic (meat dpt.)
$680.4M  Grass-fed (meat dpt.)

Source: IRI, MULO, 52 weeks ending 12/1/2019
Engagement reflects trial, but growth too
14% vs. 99% for total store meat

Household engagement
+1.1% Growth YOY

Out of the 14% HH penetration
40% 1x
60% 2x+
10% prepare it 1x+/week*

14%
Bought plant-based meat alternatives at least 1x in the past year

Source: IRI, MULO, 52-weeks ending 12/29/2019 | *Source: POM 2020 consumption frequency

Credit where credit is due
Growth rates are off a small base, but there is real and distribution-driven growth

Plant-based meat alternatives (frozen + meat department)

+12% 2019 $ growth
+8.40 $/trip | +0.3%
5.4x Trips/buyer +1.4%
+21% #/store selling Avg. 55 +9 items YOY
+1% ACV weighted distribution 88.7%

Source: IRI, MULO, 52-weeks ending 12/1/2019
Health and protein perceptions drive purchase
Taste is merely the fifth reason for buying them

Top 5 reasons for preparing plant-based meat alternatives

- **50%** I think they are healthy
- **36%** I think they are a good source of protein
- **29%** Just to serve something different
- **27%** I think their environmental impact is lower
- **25%** I like their taste

Blends present a bridge opportunity
But driving awareness and trial are key to success

Awareness and frequency of preparing blended vegetable/meat items

- **34%** Familiar + prepare
  - Frequently (12%) or occasionally (22%) prepare
- **56%** Have not prepared
  - Heard of, but not tried (28%) or unfamiliar with blends (28%)
Taste is a big win for blends over alternatives
Can we sell them on an upgrade of their current habit versus a new ritual?

Top 5 Reasons for preparing blended meat/vegetable items

- 46% Gets more vegetables in the diet
- 41% Adds more flavor
- 38% Healthier way to consume meat/poultry
- 37% Serve something new/different
- 36% Provides more nutrients/vitamins

Higher interest among consumers
Blended items may be a bridge to keep meat on the plate

Interest in meat department adding:

<table>
<thead>
<tr>
<th>Plant-based meat alternatives</th>
<th>Blended items (meat/vegetable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not interested</td>
<td>38%</td>
</tr>
<tr>
<td>Somewhat interested</td>
<td>40%</td>
</tr>
<tr>
<td>Very interested</td>
<td>22%</td>
</tr>
</tbody>
</table>
Blends call out their favorable properties
Prominent role for protein, fiber, etc

Innovation includes fresh and frozen
Several blends position themselves as ideal solutions for kids

Paddy McGuinness | “I’ve got kids, and the Hidden Veggies Beef & Carrot Mince is a good way of getting veg into your kids without them pulling a face. It’s all in there”
How do we leverage plant-based integration without losing perspective? Can we address the reasons for eating plant-based to elevate meat/poultry’s permissibility and favorability?
Capita consumption is seeing some pressure
Even if overall household penetration is mostly unchanged

- **12%**
  - Label their diet as “flexitarian”
    - Plant-forward diet but eat meat/poultry a few times/week

- **28%**
  - Want to eat less meat/poultry
    - Shoppers actively trying to reduce their meat/poultry consumption

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Getting to know the f-word
Flexitarians, of course, who have a vastly different engagement with meat

- Only 50% agree that meat/poultry belong in a happy, balanced lifestyle
- Highly engaged with animal welfare, the planet, social responsibility
- **Believe they eat healthfully**
- **Emphasize healthy choices**
- **Core production claim shopper**
- **Eat plant-based alternatives and blends regularly**
- **Buy online, at specialty stores and more likely to switch stores**
- **Consume less today**
- **Actively try to consume even less (health, planet, animal)**
Reduction drivers provide important clues
Health concerns for meat (39%) are different than poultry (23%)

- Concerns over the healthiness of eating meat
- Animal welfare concerns
- Antibiotics, hormones, etc. concerns
- Feeling guilty over eating animal protein
- Environmental concerns

- Concerns over healthiness of eating poultry
- Concerns over food recalls
- It is more ethical to be vegan/vegetarian
- Eating more cheaply

Erosion of permissibility and favorability
A risk of feeling guilty about eating meat and poultry

- Eat claims-based meat
- Eat less animal protein
- Avoid certain kinds of animal protein
- Eat more plant-based
For most, desire to cut back = moderation
Frequency becomes more important (47% vs. 34%) the harder people try

Ways of reducing meat/poultry consumption

- 38% Smaller portions
- 40% Fewer meals w/animal protein
- 22% Both portion size & frequency

<6%

Of the total population plan to eliminate animal protein in 2020
Portion focus drives interest in package size variety

Success appears to be a continuum of choice that includes single-serve

Package sizes that would be “great to have”

- **32%** Single-serve
- **41%** Two-people portions
- **53%** Family/bulk packs
- **42%** Bulk pack with individually-wrapped portions

1-2 people dominate U.S. household composition

But even among 4+ people HHs, 29% like the idea of single-serve packages

2019 Population survey | 128,579 households | average 2.52

- **28.4%** 1-2 people
- **34.5%** 3+ people
- **15.1%** 4+ people

63% vs. 73% who think 1-2 people portions are great to have

- **12.8%**
- **9.3%**

22% vs. 53% who think bulk packs are great to have

Source: US Census, Population survey
Small is a big growth driver across categories
Addressing enjoyment in moderation, household sizes and food waste

Variety in package/portion sizes
Or providing guidance or the opportunity to package “anyway you’d like”

1: €11.19/kg
2: €10.49/kg
Family: €8.13/kg
Cubed: €12.28/kg
Family packs have come full circle
1) strong economy  2) growing Millennial HHs 3) the comeback of frozen

How can we leverage package/portion size variety to help address health perceptions, while preventing waste for smaller households (another source of guilt).
Besides portion variety, shoppers like tips
Nutrition-focused suggestions catch the eyes of shoppers focused on alternatives

Meat/poultry services shoppers find “great to have”

Tips on more nutritious choices that do not cost more

Highlighted protein amount on the package

Tips for more nutritious meat choices without sacrificing taste

Information and tips can go many routes
The keys are shopper relevance, cost and taste

Annual Meat Conference | The Power of Meat© 2020 | Not shown are nice to have and not needed %
Protect

Importance vs. purchase impact
Becoming a platform that drives passion among shoppers of all generations

Importance of animal welfare
- 62% (Not)
- 25% (Neutral)
- 13% (Is)

Animal welfare impacts purchase
- 43% (Not)
- 32% (Neutral)
- 25% (Is)
The animal welfare consumer
The importance of supply chain transparency on animal care is rising

- High income, high weekly spending & trips
- Value transparency by brands and retailers
- Millennials (families w/kids)
- Integrate plant-based (blended + alternatives)
- Specialty/organic store shoppers
- Elevated focus on health, environment and social responsibility
- Flexitarians; wanting to eat less meat/poultry

Transparency is important to many shoppers
Shoppers lean on grocery stores more so than brands

Importance of providing information on how/where livestock was raised and processed

- Grocery stores: 68% Importance for retailers to provide animal welfare information
- Meat/poultry brands: 55% Importance for brands to provide animal welfare information
But many aren’t sure about raising conditions
Agreement with being good dropped from 51% in 2019 driven by Gen Z/Millennials

Animal welfare for livestock raised in the U.S. is good

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Gen Z</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes (%)</td>
<td>43%</td>
<td>40%</td>
<td>43%</td>
</tr>
<tr>
<td>No (%)</td>
<td>26%</td>
<td>40%</td>
<td>17%</td>
</tr>
<tr>
<td>Neutral (%)</td>
<td>31%</td>
<td>20%</td>
<td>39%</td>
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Even more uncertainty about what’s for sale
Once more younger shoppers are more opinionated and negative

The meat/poultry you buy comes from humanely-treated animals

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</tr>
<tr>
<td>No (%)</td>
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<td>34%</td>
<td>12%</td>
</tr>
<tr>
<td>Neutral (%)</td>
<td>42%</td>
<td>25%</td>
<td>52%</td>
</tr>
</tbody>
</table>
A shared opportunity to inform and educate
Signaling animal welfare can be a joint platform to grow trust in animal protein

Sufficient availability of animal welfare information to make educated purchasing decisions

Preferred access point of animal welfare information

- **42%** On-pack
- **33%** Brand website/social media
- **29%** In-store signage
- **28%** Grocery store’s website, app or social media

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US: increased focus at retail
From websites to signage and on-pack references

Humanely-raised claim: +7.3% in $ and +6.1% in lbs

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Pictures: Nolan Ryan | 210 Analytics | Nielsen, xOAC, 52 weeks ending 12/28/2019
England: on-pack and in-store strategies

1) “Know and trust” and 2) Emphasis on “outdoor bred”

Standards and transparency/traceability

“Best Retailer in Europe” — Animal welfare is now a competitive edge
Australia: RSPCA and livestock certified system

With big push for Product of Australia as well

Pictures: 210 Analytics
The environmentally-conscious consumer
Of rising importance *and* impacting purchases; 17% of sales but 52% of growth

- Living in metropolitan and coastal areas
- Value transparency by brands and retailers
- Gen Z and Younger Millennials
- Integrate plant-based (blended + alternatives)
- High interest in production attributes
- Elevated focus on health, animal welfare and social responsibility
- Flexitarians

Annual Meat Conference | The Power of Meat© 2020 |
IRI: Sustainably-positioned items in center store generate 17% of $ sales, 52% of growth

The good news: half believe no negative impact
But younger shoppers have far more negative views. How do we combat this?

Animal ag has some or a lot of negative impact on the planet

- 49% Gen Z
- 38% Younger Millennials
- 38% Older Millennials
- 30% Gen X
- 27% Boomers
If shoppers see a negative impact, they see a lot
Led by Gen Z and Millennials on many of these

If animal ag is believed to have a negative impact, how?

- 54% Contributor to greenhouse gas emissions
- 47% Water pollution
- 44% Deforestation
- 43% Contributor to climate change
- 34% Water shortages

Many are unsure about measures taken
But among doubters, it is impacting meat decisions

Ranchers take measures to minimize the impact of animal ag on the environment

<table>
<thead>
<tr>
<th></th>
<th>All</th>
<th>Meat eaters</th>
<th>Flexitarians</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes (40%)</td>
<td>40%</td>
<td>39%</td>
<td>40%</td>
</tr>
<tr>
<td>No (22%)</td>
<td>22%</td>
<td>21%</td>
<td>31%</td>
</tr>
<tr>
<td>Doubt (38%)</td>
<td>38%</td>
<td>39%</td>
<td>30%</td>
</tr>
</tbody>
</table>
Opportunity to address related concerns
Package waste and food waste, both rapidly rising as societal issues as well

“Less plastic packaging”
“Keep fresh packaging”

Health, animal welfare and sustainability have some people worried about eating animal protein.

Transparency is the currency of trust. And trust is the foundation of a strong and lasting relationship that can withstand attacks from many directions.
The true believer, a small but powerful group
Who address their concerns through purchase claims-based meat

Have kids between the ages of 0-13

Older Millennials, Gen X | avg. age 40

High income, high weekly spending & trips
Favor specialty stores

De-emphasize price and promotions

West coast and NE skew + metropolitan areas

Elevated focus on health, animal welfare, planet and people

Flexitarians
Shoppers seek out production claims
Free-from, all natural and grass-fed are top claims shoppers look for

Attributes shoppers look for when purchasing meat/poultry, at least on occasion

- ABF
- NAE
- Locally-raised
- Sustainably-raised

- No added hormones/hormone-free
- U.S.-raised
- Organic
- Humanely-raised

- All natural
- Free-range/pasture-raised
- Grass-fed
- Locally-raised
- Organic
- Humanely-raised

Organic and grass-fed continue to deliver
But size perspective is important

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>$</th>
<th>Lbs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic</td>
<td>$1.1B</td>
<td>+10.1%</td>
<td>+9.6%</td>
</tr>
<tr>
<td>NAE</td>
<td>$6.5B</td>
<td>+2.1%</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Grass-fed</td>
<td>$680M</td>
<td>+4.5%</td>
<td>+7.2%</td>
</tr>
<tr>
<td>Grass-fed organic</td>
<td>$315M</td>
<td>+14.8%</td>
<td>+17.3%</td>
</tr>
</tbody>
</table>

Meat with claims
+1.8% $ | +1.6% lbs
No claim
+0.8% $ | -1.5% lbs

Source: IRI, MULO, 52 weeks ending 12/1/2019
Trust in claims is merely average
Along with building trust comes consumer understanding

Trust in claims you see on meat/poultry packages in the grocery store

Average: 3.2

<table>
<thead>
<tr>
<th>Trust Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - Don't trust at all</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>15%</td>
</tr>
<tr>
<td>3</td>
<td>43%</td>
</tr>
<tr>
<td>4</td>
<td>26%</td>
</tr>
<tr>
<td>5 - Completely trust</td>
<td>11%</td>
</tr>
</tbody>
</table>

Trust is average as is understanding of claims:

49% believe antibiotics-free means no antibiotics ever

Can we explain the various raising practices in a way that is easy to understand for the consumer? In ways so they instill trust rather than confusion?
87% of home-prepared meals include meat/poultry
Our bigger issue is declining in-home dinner preparation, down to 4.5/wk

<table>
<thead>
<tr>
<th>Typical # of home-prepared meals/week</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.9x</td>
<td>4.5x</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Typical # of home-prepared meals/week containing meat/poultry</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.8x</td>
<td>3.9x</td>
</tr>
</tbody>
</table>
Weekly meals tie in close to variety purchased

Vast demographic differences

Best description of meat buying habits

- **40%** Buy a handful of cuts/kinds and don’t tend to try much else
- **45%** Buy a handful of cuts/kinds but would try other items, if advised
- **15%** Buy an extensive variety of cuts/kinds

Few younger shoppers buy an extensive variety

What does that mean for the meat case of the future? A need to upskill!

<table>
<thead>
<tr>
<th>Generation</th>
<th>Extensive variety</th>
<th>Would explore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Z</td>
<td>8%</td>
<td>56%</td>
</tr>
<tr>
<td>Younger Millennials</td>
<td>12%</td>
<td>51%</td>
</tr>
<tr>
<td>Older Millennials</td>
<td>15%</td>
<td>46%</td>
</tr>
<tr>
<td>Gen X</td>
<td>18%</td>
<td>44%</td>
</tr>
<tr>
<td>Boomers</td>
<td>25%</td>
<td>37%</td>
</tr>
</tbody>
</table>
Remember POM 2018:
One simple, yet powerful formula

Enhanced meat knowledge
= Greater variety purchased
= Cooking with meat more often
= Greater per person spending
More store trips
Greater store loyalty

Barriers are routine, cost and lacking confidence
How do we break through routines while growing confidence?

Barriers to trying a new cut/kind of meat/poultry

- Create of habit in what I buy
- Create of habit in what I cook
- Many cuts are too expensive
- Afraid I’ll mess up anything I’m not familiar with
- Don’t know how it will taste
- Don’t know how to cook it
- No one around in the meat dpt. to ask
- Don’t like to try new things
Lack of knowledge and confidence plagues younger shoppers

<table>
<thead>
<tr>
<th></th>
<th>Gen Z</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afraid I will mess it up</td>
<td>58%</td>
<td>16%</td>
</tr>
<tr>
<td>Don’t know how it will taste</td>
<td>57%</td>
<td>21%</td>
</tr>
<tr>
<td>Don’t know how to cook it</td>
<td>63%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Being a helping hand actually works
Canada Beef [https://canadabeef.ca/cooking-know-how/](https://canadabeef.ca/cooking-know-how/)

Tool for selecting the right cut and preparing it correctly

<table>
<thead>
<tr>
<th>Page</th>
<th>Page views</th>
<th>Avg. time on page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oven-roast-know-how</td>
<td>361,556</td>
<td>6.53 min.</td>
</tr>
<tr>
<td>Rotisserie-roast-know-how</td>
<td>33,678</td>
<td>5.50 min.</td>
</tr>
<tr>
<td>Pot-roast-know-how</td>
<td>2,181</td>
<td>3.53 min.</td>
</tr>
<tr>
<td>Grilling-steak-know-how</td>
<td>17,464</td>
<td>4.45 min.</td>
</tr>
<tr>
<td>Ground-beef-know-how</td>
<td>8,918</td>
<td>3.27 min.</td>
</tr>
</tbody>
</table>

Source: Canada Beef
New appliances could provide a helping hand
Several are focused on speed, convenience and health

Appliance ownership and use to prepare meat/poultry

<table>
<thead>
<tr>
<th></th>
<th>Have</th>
<th>Use sometimes</th>
<th>Use frequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grill</td>
<td>90%</td>
<td>50%</td>
<td>28%</td>
</tr>
<tr>
<td>Slow cooker</td>
<td>55%</td>
<td>26%</td>
<td>18%</td>
</tr>
<tr>
<td>Instant Pot</td>
<td>50%</td>
<td>22%</td>
<td>12%</td>
</tr>
<tr>
<td>Air fryer</td>
<td>31%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>Sous vide</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Appliance ownership and use to prepare meat/poultry (2019):

- **Have**: 90% (Grill), 55% (Slow cooker), 50% (Instant Pot), 31% (Air fryer)
- **Use sometimes**: 50% (Grill), 26% (Slow cooker), 22% (Instant Pot), 12% (Air fryer)
- **Use frequently**: 28% (Grill), 18% (Slow cooker), 12% (Instant Pot), 4% (Air fryer)


The industry responds
From slow cooker focus to Instant Pot ready

Pictures: 210 Analytics
The industry responds
From Instant Pot kits to sous vide solutions. The latter is rising rapidly in Europe.

Can preparation methods inspire meal and meat merchandising and recipe innovation? How does it fit in with overriding trends of convenience and health?
Convenience-focused is another helping hand

Convenience is the number one purchase driver for frozen

- Value-added (meat dpt.): +3.9%
- Fully-cooked (meat dpt.): +2.0%
- Deli-prepared: +10.4%
- Frozen: +5.3%
- Meal kits: 0.0%

Source: IRI, MULO, 52 weeks ending 12/01/2019

Value-added delivers on convenience & adventure

Both dollar and volume sales gains are accelerating

2019 performance

- 9.3% Share of meat dpt. $
- +0.2% Price/volume
- +30% Price differential w/ conventional

Source: IRI, MULO, 52 weeks ending 12/01/2019
### 2019 sales

**+3.9%**

- Beef: +3.6%
- Chicken: +1.6%
- Pork: +9.0%
- Turkey: -5.2%

### 3-year CAGR

**+3.3%**

- Beef: +2.1%
- Chicken: +5.0%
- Pork: +5.5%
- Turkey: -1.0%

Source: IRI, MULO, 52 weeks ending 12/01/2019

---

### Value-added fits the modern family’s need

With a higher trip frequency, cross merchandise for the full dinner solution

#### Core consumers

- Urban shoppers
- Millennials
- Plant-based integration (blends and alternatives)
- Families with kids
- Higher trip frequency + spending
- Higher-income shoppers

Buy value-added meat/poultry sometimes or frequently

60%
Growth predictions remain strong
But growth is driven by the core pointing to need for more trial

Expected value-added purchases in the next year

2019
Light users 21% 14%
Heavy users 69% 43%

Shoppers’ desire for convenience, variety and adventure is driving growth across the store. How do we optimize our delivery of true convenience across all meat/poultry and other categories?
A new look to an old favorite: the decision tree

What solutions do you have for what matters most to your customers?

Meat purchasing decision tree

<table>
<thead>
<tr>
<th>Price/pound</th>
<th>Appearance/quality</th>
<th>Package size</th>
<th>Nutrition</th>
<th>Claims</th>
<th>Preparation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6</td>
<td>3.5</td>
<td>2.2</td>
<td>2.0</td>
<td>2.0</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Once more, a huge generational divide
2019 had fairly stable pricing
Stressing meat/poultry affordability can be a way to drive inclusion

+0.8%
Retail price/lbs
Increase over 2019

“Lowest price since Oct 2019”

Merchandised sales represent 1/3 of dollars
Among fresh departments, promotional sales % highest for meat and produce

Specialty items see lower promotional levels

- 27% No antibiotics ever
- 16% Organic
- 20% Value-added

Merchandised sales
Share of total meat dollars sold while on promotion (any merch)
Promotional research remains important
Though pre-trip research is down about 10 points from POM 2018

Check meat and poultry prices/promotions pre-trip

- 75%

Check specials at primary store
Down from 84% in 2018

Check specials across 2+ stores
Down from 73% in 2018

In-store signage expands lead as lead platform
Important to raise awareness beyond the store, especially if hi-low retailer

- In-store promotions: 55%
- Circular at home: 44%
- Circular in-store: 42%
- Digital circular: 33%
- Store app: 33%
- Email/website: 25%
- Social media: 11%
- Text specials: 7%

4-year CAGR:
Decline: Growth
No change
The Millennial way is different, except for in-store
Ad versioning and tweaking specials by platform will help drive success

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-store promotional signage</td>
<td>55%</td>
<td>55%</td>
</tr>
<tr>
<td>Paper circular pre-trip</td>
<td>32%</td>
<td>64%</td>
</tr>
<tr>
<td>Digital circular</td>
<td>33%</td>
<td>30%</td>
</tr>
<tr>
<td>Store app</td>
<td>38%</td>
<td>23%</td>
</tr>
<tr>
<td>Social media deals</td>
<td>14%</td>
<td>3%</td>
</tr>
<tr>
<td>Text specials</td>
<td>11%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Consumers continue to seek out branded product
Private label gains in fresh; manufacturer labels gain in processed

Preference when purchasing meat poultry

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturer brand</td>
<td>25%</td>
<td>44%</td>
</tr>
<tr>
<td>Private label</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>No brand preference</td>
<td>51% ...↓ from 74% in 2007</td>
<td>37% ...↓ from 63% in 2007</td>
</tr>
</tbody>
</table>
Strengthening preference for private brands
Private brands are winning across many categories

Prefer private label/store brand meat and poultry

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>FRESH</th>
<th>2020</th>
<th></th>
<th>2007</th>
<th>PROCESSED</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>13%</td>
<td></td>
<td></td>
<td>24%</td>
<td>24%</td>
<td>9%</td>
<td>14%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Annual Meat Conference | The Power of Meat © 2020

Private brands had a strong 2019
Private brand $ gains for beef (+9.0%), chicken (+2.5%) and turkey (+1.8%)

Size $18.4B
$ growth +12.3%

Size $6.4B
Volume growth +7.4%

Non-branded
-11.6% $ sales
-8.0% Volume sales

Source: IRI, MULO, 52-weeks ending 12/01/2019 | uncoded items not included
Consumers reward alignment on values

Brand besties: How does your purpose intersect with your customers’ passions?

Statement:
If a brand holds a view I agree with, I’m more likely to buy it

- Nutrition (58%)
- Food safety practices (57%)
- Animal care practices (46%)
- Environmental sustainability (46%)
- Worker welfare/safety (30%)
- Giving back to the community (28%)

Have conversations not a monologue

Outreach involving the butcher or rancher see 2-5x more engagement

Pictures: 210 Analytics
In summary, let’s bring our ... passion

How do we involve every link of the supply chain in addressing permissibility and favorability, from producers to brands to retailers to show our passion to deliver a nutritious, great tasting product produced humanely and sustainably?
Download your copy of the report/deck

- Top 10 handout
- Access the full, in-depth report
- For questions or additional information
  - aroerink@210analytics.com
  - 210.485.4552

Thank you!