THE WHY BEHIND THE BUY: A LOOK FORWARD

Presenters:
Chris DuBois, IRI
Joyce Neth, Watt Global Media

July 22, 2019
Today’s Discussion / Agenda

1 | Research Context
2 | The Current State of Chicken
3 | Trends & Drivers of Future Growth
4 | The Keys to Success
WATT Global Media partnered with IRI, on behalf of the National Chicken Council, to identify consumer trends related to the consumption of chicken that can be used by leading US poultry producers in their marketing efforts.

Understand what attributes drive increased consumption for chicken by examining purchase decision factors and attitudes for poultry, beef, pork, fish and plant-based meat alternatives. Results for each protein type will be compared and contrasted to see what attributes are consistent across meat types and what attributes are unique.

A total of 780 interviews were conducted using IRI’s AttitudeLink™ methodology. This methodology is a targeted approach to reach key groups with known buying behavior and obtain attitudinal and usage insights to identify the underlying drivers of their purchasing. Completed interviews are weighted by five variables – age, sex, geographic region, race and education – to ensure reliable and accurate representation of the total US population. Statistical testing throughout this report was conducted at the 90% confidence level.

July 1-10, 2019
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Contributing research sponsors

Research conducted by
Chicken checks more boxes

- All meat buyers are driven by taste, yet taste is a less important driver for the plant-based consumers.
- Among the plant-based meat/meat blend alternatives buyers, health, including the absence of negatives (antibiotics, hormones, etc.) and sustainability are stronger purchased drivers.
- Traditional animal meat product purchase is driven by delicious taste, preparation versatility, family appeal and great value for price. Fish is purchased for health and convenience reasons.

<table>
<thead>
<tr>
<th>Reasons to buy</th>
<th>Chicken</th>
<th>Beef</th>
<th>Pork</th>
<th>Fish</th>
<th>Plant-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taste</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Health</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Versatility</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Family appeal</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Value for price</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Natural/Organic/Absence of Negative (hormones, antibiotics, etc.)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Sustainable</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Convenient</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

S1. Which of the following meat/protein types have you purchased in the past 6 months?
Q1. Please think about all the reasons you typically buy... Why do you buy...? Check all that apply.

Source: IRI Drivers Survey
Defining ‘plant-based meat alternatives’

• In the survey, we referred to “plant-based meat/plant-meat blend alternatives”
• That takes up a lot of real estate on our slides so you may see us use “plant-based proteins” or just “plant-based” in this presentation.
THE CURRENT STATE OF CHICKEN
Since 1960 in the US, per capita consumption of chicken has grown over 3x – outperforming all other major proteins.

Source: USDA via National Chicken Council website
**Meat Sales in All Outlets**

<table>
<thead>
<tr>
<th></th>
<th>$ Growth L52 wks</th>
<th>Lbs Growth L52 wks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>+0.1%</strong></td>
<td>$ growth L52 wks</td>
<td>-0.6%</td>
</tr>
</tbody>
</table>

**Chicken Continues to Grow**

Fresh meat is $50 billion in 2019 (L52 weeks)

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>Lbs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>+0.8%</strong></td>
<td>+0.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>+0.7%</strong></td>
<td>+0.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>-2.3%</strong></td>
<td>-2.3%</td>
<td>-1.2%</td>
</tr>
<tr>
<td><strong>-3.1%</strong></td>
<td>-3.1%</td>
<td>-2.7%</td>
</tr>
<tr>
<td><strong>-3.5%</strong></td>
<td>-3.5%</td>
<td>-5.2%</td>
</tr>
</tbody>
</table>

Source: IRI Market Advantage Total Store View + Perimeter, Total Meat, L52 ending 6/30/2019
Fresh meat total sales since 2015 have stayed consistent with chicken winning dollars and beef winning volume at pork’s expense.

<table>
<thead>
<tr>
<th></th>
<th>Dollar Share</th>
<th>Pounds Share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ Share Change vs. 2015</td>
<td>Lbs Share Change vs. 2015</td>
</tr>
<tr>
<td>BEEF</td>
<td>-0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>CHICKEN</td>
<td>-0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>PORK</td>
<td>-0.1</td>
<td>-1.2</td>
</tr>
<tr>
<td>TURKEY</td>
<td>-1.4</td>
<td>-0.3</td>
</tr>
<tr>
<td>SMOKED HAM</td>
<td>-0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>ALL OTHER</td>
<td>-0.2</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

- BEEF: +0.5
- CHICKEN: +1.6
- TURKEY: -1.4
- SMOKED HAM: -0.2
- ALL OTHER: -0.2

-0.5% $ Sales 2015-2018 CAGR
+0.6% Pounds Sales 2015-2018 CAGR
These categories ($100M+) have driven most of the meat growth in the last year

- Chicken Stir Fry / Kabob/Fajita Cuts +14%
- Ground Pork +14%
- Ground Chicken +12%
- Chicken Thighs +9%
- Variety Beef Cuts +8%
- Beef Ribs +6%
- Chicken Wings +6%
- Ground Turkey +6%

Source: 2018, Multi-Outlet, IRI/FreshLook Marketing Legacy Fresh Meat Definition (FW/RW) by Cut, greater than $100 Million over 52-weeks, Ranked by highest growth
Overall, convenient products have dominated growth on the perimeter

**Top 8 fresh perimeter categories ranked by change since 2013 / + dollars | + units**

- **Lettuce (incl. Salads)**
  - +$1.4B | +400M

- **Avocado**
  - +$775M | +365M

- **Fresh Chicken Breast**
  - +$1.3B | +236M

- **Berries**
  - +$1.2B | +235M

- **Rfg. Packaged Meat**
  - +$1.5B | +175M

- **Deli Prepared Entrees**
  - +$1.0B | +136M

- **Packaged Bakery Snacks**
  - +$500M | +322M

- **Rfg. Side Dishes**
  - +$916M | +121M

Source: Total Store View + Perimeter Market Advantage, MULO 2018 vs. Calendar Year 2013 Ranked on score for both dollar and unit change
Less convenient perimeter categories have seen corresponding declines

Bottom 8 fresh perimeter categories ranked by change since 2013 / + dollars | + units

- **Bananas**
  - $205M | -167M

- **Apples**
  - $102M | -97M

- **Pears**
  - $97M | -55M

- **Bulk Ground Beef**
  - $311M | -79M

- **Fresh Pork Loin**
  - $452M | -47M

- **Fresh Whole Chicken**
  - $200M | -47M

- **Fresh Ground Round**
  - $126M | -29M

Source: Total Store View + Perimeter Market Advantage, MULO 2018 vs. Calendar Year 2013 Ranked on score for both dollar and unit change
Smaller and more focused formats have driven growth – along with a Walmart resurgence

<table>
<thead>
<tr>
<th>Store</th>
<th>% of HH’s Buying Meat Here</th>
<th>Growth in Trips</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grocery</td>
<td>X%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>Walmart</td>
<td></td>
<td>+7%</td>
</tr>
<tr>
<td>ALDI</td>
<td></td>
<td>+4%</td>
</tr>
<tr>
<td>Natural Grocers</td>
<td></td>
<td>+9%</td>
</tr>
<tr>
<td>Sprouts</td>
<td></td>
<td>+10%</td>
</tr>
<tr>
<td>Whole Foods</td>
<td></td>
<td>+17%</td>
</tr>
<tr>
<td>Trader Joe’s</td>
<td></td>
<td>+19%</td>
</tr>
</tbody>
</table>

Source: IRI HH Panel, 2018 vs. 2017, Custom Meat (RW + UPC)
“No antibiotics” continues as a major growth engine for chicken and turkey

No Antibiotics Ever: $ % Growth and $ Share

- **35%** of consumers said that free of antibiotics is important when fresh food shopping.

**NAE 1YR GROWTH**
- Beef: +1.8%
- Chicken: +5.4%
- Pork: -37%
- Turkey: +19.9%

**3YR CAGR**
- Beef: +2.0%
- Chicken: +34.2%
- Pork: -18.5%
- Turkey: 20.2%

**NAE SHARE**
- Beef: 4.1%
- Chicken: 37%
- Pork: 2.2%
- Turkey: 11%

Source: IRI Market Advantage, US MULO, Data Ending 6/30/2019  *Fixed Weight + Random Weight
Source: January 2019 IRI Fresh Survey
Organic meat growth is strong in all proteins

Organic Claims: $ % Growth and $ Share

<table>
<thead>
<tr>
<th>Protein</th>
<th>1YR Growth</th>
<th>3YR CAGR</th>
<th>SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>+24.4%</td>
<td>+17.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Chicken</td>
<td>+14.2%</td>
<td>+13.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Pork</td>
<td>+13.1%</td>
<td>3.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Turkey</td>
<td>+17.4%</td>
<td>7.2%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

20% of consumers said that organic is important when fresh food shopping

Source: IRI Market Advantage, US MULO, Data Ending 6/30/2019 *Fixed Weight + Random Weight
Source: January 2019 IRI Fresh Survey
Breasts dominate, but extremely strong growth in easy to cook and flavorful cuts

• FREQUENCY makes valuable chicken buyers:
  heaviest buying households buy chicken 6.5X more a year than light buyers

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**Chicken- % of Dollar Sales**

- **Breast**: 59.7%
- **Thighs**: 11.9%
- **Wings**: 7.4%
- **Legs**: 7.3%
- **Whole Bird**: 6.0%
- **Stir Fry/Fajitas/Kabobs**: 3.8%
- **Ground**: 1.8%
- **Cornish Game Hen**: 0.7%
- **Giblets**: 0.4%
- **Combo Packs**: 0.6%
- **All Other**: 0.3%

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**Source**: 2018, Multi-Outlet, IRI/FreshLook Marketing Legacy Fresh Chicken Definition (FW/RW)

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Value-added meat continues to be a growth engine

**Valued-Added Dollar Growth**
4.1% vs YA

**VA Protein Dollar Growth vs YA**

- Beef: 3.2%
- Chicken: 3.6%
- Pork: 8.8%
- Turkey: -3.0%

Source: IRI Market Advantage, US MULO, Data Ending 6/30/2019  *Fixed Weight + Random Weight
Meat remains a powerful basket driver

Fresh Meat
HOUSEHOLD PENETRATION
97%

AVG TRIPS ANNUALLY
21.7
(-1%) vs. year ago

29%
Of all grocery trips
INCLUDE fresh meat

SPENDING PER TRIP
$13.72
+14% vs. year ago
$63
+2% vs. year ago

If we had 10% of shoppers make just 1 more fresh meat buying trip, it would be worth

$163 M
TO THE DEPT

$753 M
TO THE STORE

Sources: Household Panel data UPC + RW Reference Guide, All Outlets, 2018 and ^ IRI Shopper Loyalty FSP data for Grocery (Food), 2018

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The percent of households buying meat and chicken has declined slightly.

% Households Buying

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>97%</td>
<td>-0.1</td>
</tr>
<tr>
<td>CHICKEN</td>
<td>92%</td>
<td>-0.4</td>
</tr>
<tr>
<td>BEEF/VEAL</td>
<td>90%</td>
<td>-0.6</td>
</tr>
<tr>
<td>PORK</td>
<td>81%</td>
<td>-0.4</td>
</tr>
<tr>
<td>SEAFOOD/ FISH</td>
<td>74%</td>
<td>-0.4</td>
</tr>
<tr>
<td>TURKEY</td>
<td>60%</td>
<td>+0.3</td>
</tr>
</tbody>
</table>

Source: IRI CSIA Total Fresh Meat (FW & RW), Total U.S. All Outlet, 52 Weeks Ending 5/17/2019

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Millennials w/kids spend 16% more on chicken than the US average

$ Per Buyer

- CHICKEN: $137, +16% to $191
- BEEF/VEAL: $103, +18% to $116
- PORK: $90, +27% to $67
- SEAFOOD/FISH: $67, +11% to $37
- TURKEY: $37

Source: IRI CSIA Total Fresh Meat (FW & RW), Total U.S. All Outlet, 52 Weeks Ending 5/17/2019

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Millennials spend 90% more when fresh chicken is in the basket.

$80 in basket

$42 out of basket

90% More $ Spent per Trip

Source: IRI CSIA Total Fresh Meat (FW & RW), Total U.S. All Outlet, 52 Weeks Ending 5/17/2019
TRENDS & DRIVERS OF FUTURE GROWTH
Top trends driving and disrupting meat

CONVENIENCE AND SIMPLIFICATION

SHOPPERS CARE ABOUT SUSTAINABILITY

TOTAL STORE PROTEIN GROWTH

ECOMMERCE AND NEW TECHNOLOGIES
What drives the need for convenience? Households have changed...

<table>
<thead>
<tr>
<th>1950</th>
<th>NOW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>55%</strong> Couples w/Kids</td>
<td><strong>29%</strong> Couples w/Kids</td>
</tr>
<tr>
<td><strong>23%</strong> Couples w/o Kids</td>
<td><strong>32%</strong> Couples w/o Kids</td>
</tr>
<tr>
<td><strong>9%</strong> Singles Living Alone</td>
<td><strong>26%</strong> Singles Living Alone</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Popstats, 2018
America’s meat knowledge is poor; only 47% are “knowledgeable”.

Self-rated meat / poultry knowledge

- **Knowledgeable**: 47%
- **Know the Basics**: 35%
- **Need Help**: 18%

72% of Millennials say they “just manage” or “need help”

Source: 210 Analytics/ FMI- The Power of Meat 2019
Variety is a path to growth – education and empowerment are necessary

- **41%**
  - Buy a Handful of Cuts / Kinds and **Don’t Tend to Try Anything New** or Different

- **42%**
  - Buy a Handful of Cuts / Kinds, But **Willing to Try New Items**, if Advised

- **17%**
  - Buy an Extensive Variety of Cuts / Kinds

Source: 210 Analytics | FMI- The Power of Meat 2019
Among those who do not currently consume plant-based protein, chicken buyers are most open to consuming this type of protein in the future – 20% will consume.

Fewer than 10% of buyers of each meat protein have purchased plant-based in the past 6 months.
Chicken is ‘feel good food’ and an all-around winner for attributes related to preparation

- All protein types are perceived as easy-to-prepare
- More traditional meats (chicken, beef, pork) show advantage in family appeal and tradition (grew up eating it).
- Plant-based protein advantages lie in safety, preparation ease and the cleanliness aspect of preparation.

### Attribute Ratings

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Chicken</th>
<th>Beef</th>
<th>Pork</th>
<th>Fish</th>
<th>Plant-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy to prepare</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Quick to prepare</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Feel good serving to my family</td>
<td>✓</td>
<td>✔</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust is safe to eat</td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grew up eating it</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Family pleaser</td>
<td>✓</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Smells delicious while being prepared</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clean to prepare</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

51. Which of the following meat/protein types have you purchased in the past 6 months?
52. How well do the following attributes describe...? Use a scale from 5 to 1, where 5 means “Describes it perfectly” and 1 means “Does not describe at all.”

Source: IRI Drivers Survey
Consumer experience matters, especially online…

71% of consumers want more personalized experiences online

33% are more likely to buy from a brand that sends tailored messaging

72% Effortless Program where Offers are Automatically Redeemed

66% Personalized Offers Based on Purchase History are more appealing

Source: Forbes & The Loyalty Divide conducted by Morar HPI
Retailers are responding to help connect consumers & meals

Connecting Need States and Segments

Signage and Kiosks Make it Easy

Source: IRI Staff photos 2019
Top trends driving and disrupting meat

- Convenience and Simplification
- Shoppers Care About Sustainability
- Total Store Protein Growth
- Ecommerce and New Technologies
Products that are marketed as sustainable...

- **50%**: Make up 16% of items but were 50.1% of total CPG growth last year.
- **5.6×**: Grew 5.6× times faster than products not marketed as sustainable and 3.3× faster than CPG.
- **90%**: Grew faster than non-sustainable in 90% of all CPG categories last year.
Consumers look for cleaner and healthier products, while striving to reduce their impact on the planet

Over 5 in 10
Say their ideal meals would consist of more plant-based foods

77%
Are always looking for new ways to live healthier lives

78%
say sustainable sourcing of ingredients is an important product attribute

Source: Private Brand Daymon PB Intelligence Report 2019 What’s Next in Innovation April-2019 Report
Attributes inform shoppers’ clean label purchase decisions

According to the 2019 FMI U.S. grocery shopper trends
35% of shoppers say that nutrition and health information being made “available” is very important, and 26% say the same about information “beyond what is on the package.”

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Response by Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Sugar</td>
<td>34%</td>
</tr>
<tr>
<td>Low Sodium</td>
<td>33%</td>
</tr>
<tr>
<td>No Added Hormones</td>
<td>27%</td>
</tr>
<tr>
<td>Antibiotic-Free</td>
<td>25%</td>
</tr>
<tr>
<td>Low Calorie</td>
<td>23%</td>
</tr>
<tr>
<td>No/Low Fat</td>
<td>23%</td>
</tr>
<tr>
<td>Low Carb</td>
<td>20%</td>
</tr>
<tr>
<td>No Allergens</td>
<td>9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Response by Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Artificial Ingredients</td>
<td>33%</td>
</tr>
<tr>
<td>No Preservatives</td>
<td>32%</td>
</tr>
<tr>
<td>Not Bioengineered</td>
<td>27%</td>
</tr>
<tr>
<td>No Trans Fats</td>
<td>27%</td>
</tr>
<tr>
<td>Natural</td>
<td>25%</td>
</tr>
<tr>
<td>No HFCS</td>
<td>23%</td>
</tr>
<tr>
<td>Certified Organic</td>
<td>19%</td>
</tr>
<tr>
<td>Gluten Free</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Response by Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Range</td>
<td>16%</td>
</tr>
<tr>
<td>Grass Fed</td>
<td>16%</td>
</tr>
<tr>
<td>Cage Free</td>
<td>16%</td>
</tr>
<tr>
<td>Fair Trade</td>
<td>16%</td>
</tr>
<tr>
<td>Certified Humane</td>
<td>12%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Response by Attribute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitamin Enriched</td>
<td>13%</td>
</tr>
<tr>
<td>Antioxidant Rich</td>
<td>12%</td>
</tr>
<tr>
<td>Calcium Fortified</td>
<td>10%</td>
</tr>
</tbody>
</table>

Significant change from 2018

Source: FMI U.S. Grocery Shopper Trends, Label Insight 2019
Chicken consumers are most driven to consume more by “humanely raised meat” and satiety

To increase chicken consumption among those already consuming, deliver on these higher emotional attributes (vs practical attributes such as value, preparation, storage)

<table>
<thead>
<tr>
<th>TOP DRIVERS TO INCREASE CONSUMPTION</th>
<th>Chicken</th>
<th>Beef</th>
<th>Pork</th>
<th>Fish</th>
<th>Plant-based</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HUMANE</strong></td>
<td>FAMILY PLEASER</td>
<td>GENERALLY TRUST</td>
<td>SATISFYING</td>
<td>GENERALLY TRUST</td>
<td></td>
</tr>
<tr>
<td><strong>SATISFYING</strong></td>
<td>BETTER VALUE</td>
<td>FEEL GOOD</td>
<td>CLEAN HANDS PREPARATION</td>
<td>SMELLS DELICIOUS</td>
<td></td>
</tr>
<tr>
<td><strong>BETTER VALUE</strong></td>
<td>FEEL GOOD</td>
<td>SMELLS DELICIOUS</td>
<td>BETTER VALUE</td>
<td>VERSATILE</td>
<td></td>
</tr>
<tr>
<td>TASTE</td>
<td>QUICK TO PREPARE</td>
<td>QUICK TO PREPARE</td>
<td>GENERALLY TRUST</td>
<td>BETTER SOURCE OF PROTEIN</td>
<td></td>
</tr>
<tr>
<td>SUSTAINABLE</td>
<td>TRADITION</td>
<td>EASY TO PREPARE</td>
<td>TASTE</td>
<td>FAMILY PLEASER</td>
<td></td>
</tr>
<tr>
<td>EASY TO STORE</td>
<td>VERSATILE</td>
<td>BETTER SOURCE OF PROTEIN</td>
<td>SMELLS DELICIOUS</td>
<td>TASTE</td>
<td></td>
</tr>
</tbody>
</table>

Source: IRI Drivers Survey
Trust remains unchanged for most meat buyers, increasing for plant-based buyers

• Shows consistent trust level in the overall quality of various protein types they consume.

• At most, 15% of meat buyers report increased trust in traditional animal protein types, while 55% of plant-based report they’ve increased their trust in plant-based meat/blend alternatives.
  – 15% of chicken buyers show increased trust while 10% of beef buyers have increased trust.

• Just 12% of chicken buyers show decreased trust while 18% and 17% of beef and fish buyers, respectively, show decreased trust levels in those proteins.

Q4. Thinking about your attitudes toward safety, nutritional value and quality of...and how they may have changed over the last few years, would you say that your trust in the overall quality of...has increased, decreased or hasn’t changed?

Source: IRI Drivers Survey
1 in 10 recall negative media/news associated with protein consumption

- While only 10% of total protein buyers recall negative media/news associated with protein consumption, fish received the highest negative media awareness score (14%) across all protein types, attributed to safety (mercury level in fish) and overall quality.

- On the other hand, 1 in 3 plant-based consumers mentioned positive media/news associated with plant-based protein consumption mostly related to health benefits.

[https://www.healthychildren.org/English/safety-prevention/all-around/Pages/Protecting-Your-Children-From-Contaminated-Fish.aspx](https://www.healthychildren.org/English/safety-prevention/all-around/Pages/Protecting-Your-Children-From-Contaminated-Fish.aspx)
[https://www.nrdc.org/sites/default/files/walletcard.pdf](https://www.nrdc.org/sites/default/files/walletcard.pdf)
Top trends driving and disrupting meat

- CONVENIENCE AND SIMPLIFICATION
- SHOPPERS CARE ABOUT SUSTAINABILITY
- TOTAL STORE PROTEIN GROWTH
- ECOMMERCE AND NEW TECHNOLOGIES
Protein is a growth engine across the store

Top Growth Categories: Based on Absolute Dollar Growth vs YA

- FROZEN MEALS +13%
- DAIRY +9%
- SNACKS +11%
- REFRIGERATED MEALS +13%
- NUTRITION/WEIGHT LOSS +8%
- FROZEN MEAT +13%
- BAKERY +17%
- MEALS +5%
- BABY FOOD +5%
- COOKIES AND CRACKERS +14%

Source: IRI Market Advantage, US MULO, Data Ending 12/30/2018  *Fixed Weight Edibles Only
...And consumers look for additional benefits

Claims across Center Store, Frozen, and Refrigerated Foods:

<table>
<thead>
<tr>
<th>CLAIMS ON PACKAGE</th>
<th>$ GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protein Claim</td>
<td>+9%</td>
</tr>
<tr>
<td>Protein + GMO Free</td>
<td>+21%</td>
</tr>
<tr>
<td>Protein + No Preservatives</td>
<td>+15%</td>
</tr>
<tr>
<td>Protein + No Antibiotics</td>
<td>+41%</td>
</tr>
<tr>
<td>Protein + No Hormones</td>
<td>+15%</td>
</tr>
<tr>
<td>Protein + Whole Grains</td>
<td>+27%</td>
</tr>
<tr>
<td>Protein + Probiotics</td>
<td>+59%</td>
</tr>
</tbody>
</table>

Source: IRI Market Advantage, US MULO, Data Ending 12/30/2018  *Fixed Weight Edibles Only
The flexitarian diet is on the rise

69% Eat Meatless Meals Once a Week or More
28% Reduced or Limited Their Meat Consumption
14% Interested in Reducing or Limiting Meat Consumption

Source: health.usnews.com / Mintel / Google Trends
New retail strategies to align with consumer dietary preference and demands are contributing to the growth of Meat Substitutes in the Meat case. However, 70% of the “Beyond Meat” brand purchases are Meat eaters.

<table>
<thead>
<tr>
<th>Dairy, Milk, Meat Alternatives</th>
<th>$ Growth vs YA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheese</td>
<td>43%</td>
</tr>
<tr>
<td>Yogurt</td>
<td>32%</td>
</tr>
<tr>
<td>Cream</td>
<td>26%</td>
</tr>
<tr>
<td>Almond Milk</td>
<td>8%</td>
</tr>
<tr>
<td>Meat Substitutes</td>
<td>22%</td>
</tr>
</tbody>
</table>

2019 is tracking similarly to 2018 in growth

Source: Food Navigator – June 2018
Helping consumers feel good about their food – mixing for flavor

Its Meat and NOT or

Trips where Meat Substitutes are Purchased are 4x More Likely to include Meat

Consumers intend to consume more plant-based foods and fish in the future

- While the future consumption intent is steady for the traditional meat-based proteins, both fish and plant-based meat shows more positive future consumption intent
  - 23% of fish and 44% of plant-based consumers plan to consume these protein types more often in the future.

Source: IRI Drivers Survey

Q5. Within the next 6 months, do you plan to consume ... much more often, a little more often, about the same, a little less often, much less often
Among those who do not currently consume plant-based protein, chicken buyers are most open to consuming this type of protein in the future – 20% will consume.

Fewer than 10% of buyers of each meat protein have purchased plant-based in the past 6 months

Source: IRI Drivers Survey

S1. Which of the following types of meat/protein types have you purchased in the last 6 months.
Q6. You mentioned that you haven’t bought plant-based meat/plant-meat alternatives in the past 6 months. How likely are you to purchase this type of protein in the future?
Top trends driving and disrupting meat

CONVENIENCE AND SIMPLIFICATION

SHOPPERS CARE ABOUT SUSTAINABILITY

TOTAL STORE PROTEIN GROWTH

ECOMMERCE AND NEW TECHNOLOGIES
Delivery & pick-up are now a billion-dollar business

Making an impact in meat

Amazon Share of Omni-Channel Growth

<table>
<thead>
<tr>
<th>Categories</th>
<th>Share of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edible Categories</td>
<td>51%</td>
</tr>
<tr>
<td>Non Edible Categories</td>
<td>15%</td>
</tr>
</tbody>
</table>

Click & Collect and 1st / 3rd Party Delivery Services Share of Omni-Channel Growth

<table>
<thead>
<tr>
<th>Categories</th>
<th>Share of Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edible Categories</td>
<td>24%</td>
</tr>
<tr>
<td>Non Edible Categories</td>
<td>9%</td>
</tr>
</tbody>
</table>

$1.1B e-Commerce Total Dollar Sales +55% e-Commerce Dollar Sales Growth 33% e-Commerce Contribution to MULO+E Dollar Growth from 1% of the business

Source: IRI eMarket Insights CY 2018; 1st Party Delivery Services = Peapod, FreshDirect, Amazon Fresh, Amazon Prime Now, Albertsons/ Safeway; 3rd Party Delivery Services = Instacart and Shipt
Retailers are using technology to redefine the path to purchase for food

**Retail-as-a-Service (RaaS)** enables retailers to purchase the solutions from a provider and use them to advance their infrastructure. These plug-and-play solutions are especially valuable for retailers that don’t have the **resources to build and execute on their own.**

Kroger has partnered with Microsoft to develop and market a **commercial RaaS solution** for the retail industry. Developed by and for retailers, the suite of applications includes cloud-based, Azure-powered support of merchandising plans, access to customer insights, employee productivity tools, out-of-stock solutions and enhanced customer experience.

Kroger’s **EDGE Shelf** (Enhanced Display for Grocery Environment) delivers digital, hyper-personalized promotions and information to shoppers, which also links to Kroger’s Scan, Bag, Go app for a guided shopping experience. Kroger announced plans to roll out EDGE to 200 stores this year.

Source: [https://www.supermarketnews.com/retail-financial/kroger-microsoft-partner-retail-service-platform](https://www.supermarketnews.com/retail-financial/kroger-microsoft-partner-retail-service-platform)
Retail-as-a-service will expand in 2019

RaaS’s contribution to supply chain innovation will likely be the most transformative area retailers will experience, with three major developments occurring.*

- Improved deliveries, with superior management capabilities for optimization and efficiency.
- Quality, customer-facing service, because improvements to the supply chain will mean improved customer service.
- Connected experiences, integrating everything from inventory control to delivery dates.

Retailers are heeding consumer demand for personalized shopping experiences and exploring innovative options.**

Beyond targeted emails, retailers are employing technologies to streamline purchasing channels. Walmart recently equipped employees with an in-store app to allow customers to order and pay for items from the retailer’s website while in the physical store.**

According to data released earlier this year from Accenture and the Retail Industry Leaders Association, 63% of consumers are interested in personalized recommendations, while 64% are willing to share personal data in exchange for benefits like loyalty points and automatic credits for coupons.**

Assortment is no longer restrained by physical presence in the store

**Grocers bring endless aisles in-store**

- **Endless aisles online** are becoming the norm, with shoppers often unaware that items they obtain through a retailer’s website might not be items that retailers typically carry and are delivered by a third-party vendor.

- **Grocery isn’t immune from the new age of 24/7 shopping** and the expectation of next-day — or same-day — delivery, and it’s increasingly viewed as their opportunity to offer one-stop shopping.

- The **retailer’s success with endless aisles** depends on the right fulfillment partners that can deliver on the back end, which works with retailers and their supplier partners to provide consistent quality across search, sort and select.

- **Ahold Delhaize is experimenting with in-store kiosks** throughout its concept store in Belgium, providing shoppers the ability to digitally tap into thousands of items for next-day delivery to home or the store. Store personnel are trained to encourage and help shoppers use the endless-aisle offering.

- **Albertsons Co. has launched its Digital Marketplace.** The endless aisle isn’t intended to conflict with the physical store, but to provide a bridge to things like artisan foods and natural and organic household items.

The in-store experience is diminished when the products shoppers seek aren’t on the shelves, either due to dreaded out-of-stocks or because slow-moving items were removed.

In-store services and processes will transform over the next 10 years

Retail robots can spot mistakes on shelf labels and product location and reshelved/notify humans. Robots reduce people costs by 15%.

Robots can sell things: Retailers are experimenting with retail robots that handle the roles humans normally fill. Nestlé has deployed a humanoid robot called Pepper, which has a tablet on its chest, to sell coffee makers in Japanese department stores. Pepper understands about 80% of conversations and can use the information it picks up to help customers.

Retail robots can help shoppers find items: Lowe’s partnered with Fellow Robots to create an in-store bot called the LoweBot to assist people with locating items, thereby potentially reducing the chances shoppers might get upset and leave disappointed. Users can either verbally state which items they want, or they can type them in on an interactive keyboard.

They can clean up an aisle: Giant Foods it will be introducing a robot called Marty to its 172 U.S. stores. Marty’s primary purpose is to roam the store autonomously, pointing out hazards for store staff to clean up. Walmart has similar robots but those clean up aisles too.

Source: [https://www.roboticsbusinessreview.com/retail-hospitality/retail-robots-disrupt-industry/](https://www.roboticsbusinessreview.com/retail-hospitality/retail-robots-disrupt-industry/)  
Voice commerce is becoming the norm and the likely catalyst for grocery omnichannel adoption

<table>
<thead>
<tr>
<th>Icon</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>![People Icon]</td>
<td>Nearly three in 10 consumers — or 27% — own a voice-controlled assistant.</td>
</tr>
<tr>
<td>![Speaker Icon]</td>
<td>Amazon’s Echo smart speaker users spend $1,700 on average each year on Amazon, higher than the $1,300 Amazon Prime customers spend annually.</td>
</tr>
<tr>
<td>![Cart Icon]</td>
<td>28% of consumers who owned voice-activated speakers used them to make purchases.</td>
</tr>
<tr>
<td>![Ticket Icon]</td>
<td>6% of voice assistant owners report making purchases on their devices for event tickets.</td>
</tr>
<tr>
<td>![Grocery Icon]</td>
<td>14% of voice assistant owners report making purchases on their devices for groceries.</td>
</tr>
<tr>
<td>![Food Order Icon]</td>
<td>11% of voice assistant owners report making purchases on their devices for food orders.</td>
</tr>
</tbody>
</table>

Shopping by voice will transform how people buy and it’s only getting started

### Penetration, by Brand, 2018 and 2019 U.S. Smart Speaker User**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amazon</td>
<td>8.3%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Google</td>
<td>66.6%</td>
<td>63.3%</td>
</tr>
<tr>
<td>Other (Includes Apple HomePod and Alexa-enabled Sonos One)</td>
<td>29.5%</td>
<td>31.0%</td>
</tr>
</tbody>
</table>

### 1 in 5 Smart Speaker Owners Uses Voice Commerce*

<table>
<thead>
<tr>
<th>Use Case</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Added an item to your cart so you could review it later for purchase</td>
<td>31.0%</td>
</tr>
<tr>
<td>Researched an item you might want to purchase</td>
<td>29.0%</td>
</tr>
<tr>
<td>Re-ordered an item you have previously purchased</td>
<td>22.0%</td>
</tr>
<tr>
<td>Ordered a new product you have not previously purchased</td>
<td>22.0%</td>
</tr>
</tbody>
</table>

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- eMarketer estimates the number of U.S. voice-enabled digital assistant users reached 69 million in 2018, and estimates that figure will grow to 75.5 million in 2019.**

- Voice commerce in retail totaled $2.1 billion in 2018, or 0.4% of the total e-commerce pie.**

- Voice commerce is on the rise as more U.S. households own voice-enabled devices, with smart speaker ownership jumping to 27% of consumers this year from 14% a year earlier, per a study by Visa and publisher Pymnts.com.**

- About one-third (28%) of respondents who own voice-activated speakers used them to make a purchase in the past seven days. Groceries (5%) and food delivery (4%) were the most popular categories for voice ordering, the survey found.**

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Source: “Edison Research Smart Audio Report”  
Source: “https://kinsta.com/blog/ecommerce-statistics/”  
Source:**eMarketer
Will consumers ask Alexa for “chicken breast” or “Brand X chicken breast”?

Major retailers including Walmart and Amazon are extending into voice-assisted shopping through Amazon Alexa and Google Assistant smart home speakers. Ordering Walmart items through Google Assistant requires an additional voice command “Hey Google, talk to Walmart” compared to the single voice command when ordering through Amazon Alexa devices “Hey Alexa, order bananas.”

Amazon announced that Echo users can now use the smart speaker to shop at Whole Foods. Alexa can now add Prime Now order items to a Whole Foods cart, with same-day delivery guaranteed within two hours. Alexa can even choose certain items based on a customer’s order history and the purchasing behavior of other customers.

Casual pizza restaurant chain Fazoli’s was testing the ability for customers to use Amazon’s Alexa to order meals. Orderscape currently offers automation ordering technology for Amazon’s Alexa, and plans to add Google Assistant and Google Home in the future.

The Kroger Co. is furthering its efforts in contextual commerce by adopting voice-assistant technology for ordering groceries online. Customers can interact with their Kroger Grocery Pickup cart via an action in the Google Assistant voice app — which can be accessed through iOS, Android and Google Assistant devices.

Source: **https://progressivegrocer.com/kroger-launches-voice-assistant-ordering-grocery-ecommerce
THE KEYS TO SUCCESS
Looking forward: implications of top trends for chicken

**CONVENIENCE AND SIMPLIFICATION**

- Provide practical, how-to’s in store
- Promote higher values outside

**SHOPPERS CARE ABOUT SUSTAINABILITY**

- Humane certifications matter
- Help people feel good about those values

**TOTAL STORE PROTEIN GROWTH**

- Chicken is sharing the protein spotlight
- Plant-based is small but will create growth headwinds

**ECOMMERCE AND NEW TECHNOLOGIES**

- The path to purchase will change dramatically.
- Prepare now to win or plan to lose.
THANK YOU!

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APPENDIX

Derived Importance Charts