NATIONAL CHICKEN COUNCIL

Creating a Successful Consumer Market Strategy

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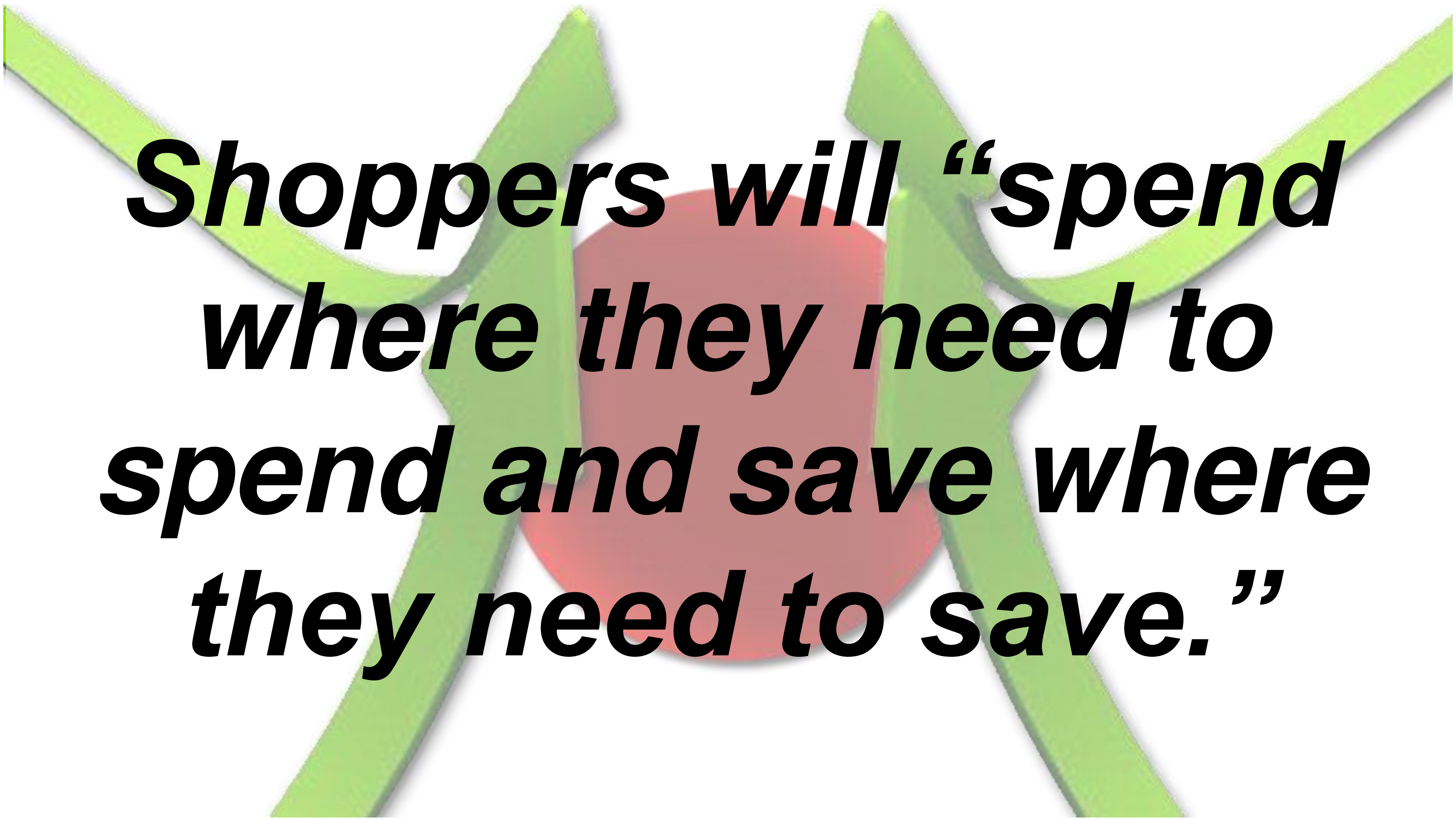
today's experience

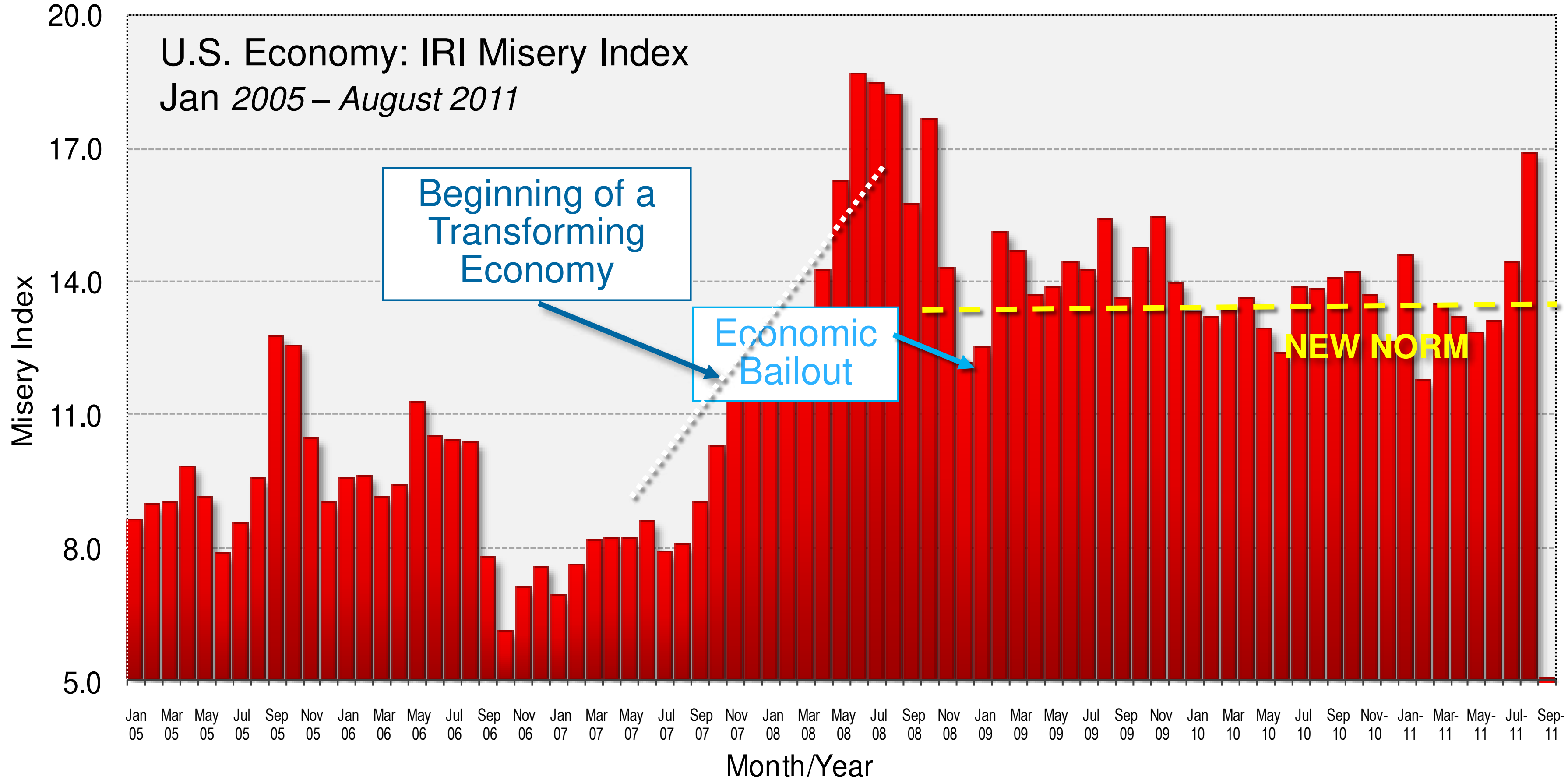


Shoppers will "spend where they need to spend and save where they need to save."

summarizing change 2010 - 2011

- Shoppers **have become very smart** about shopping and are continuing with this new behavior
  - *In 2012 do not expect significant change – 2.0% - 2.5%*
- Manufacturers continue to **“pump in trade dollars”** to stimulate demand
  - *Hasn’t and will not change consumption just location of purchase – expect 2012 a demand for price concessions*
- Retailer **influence/importance is changing**
  - ***National Grocers** struggle slightly*
  - ***Regional Grocers** develop local differentiation*
  - ***Dollar and Club** will outpace the market*

“double dip” potential indicator



Source: US Bureau of Labor Statistics, University of Michigan Consumer Sentiment Index

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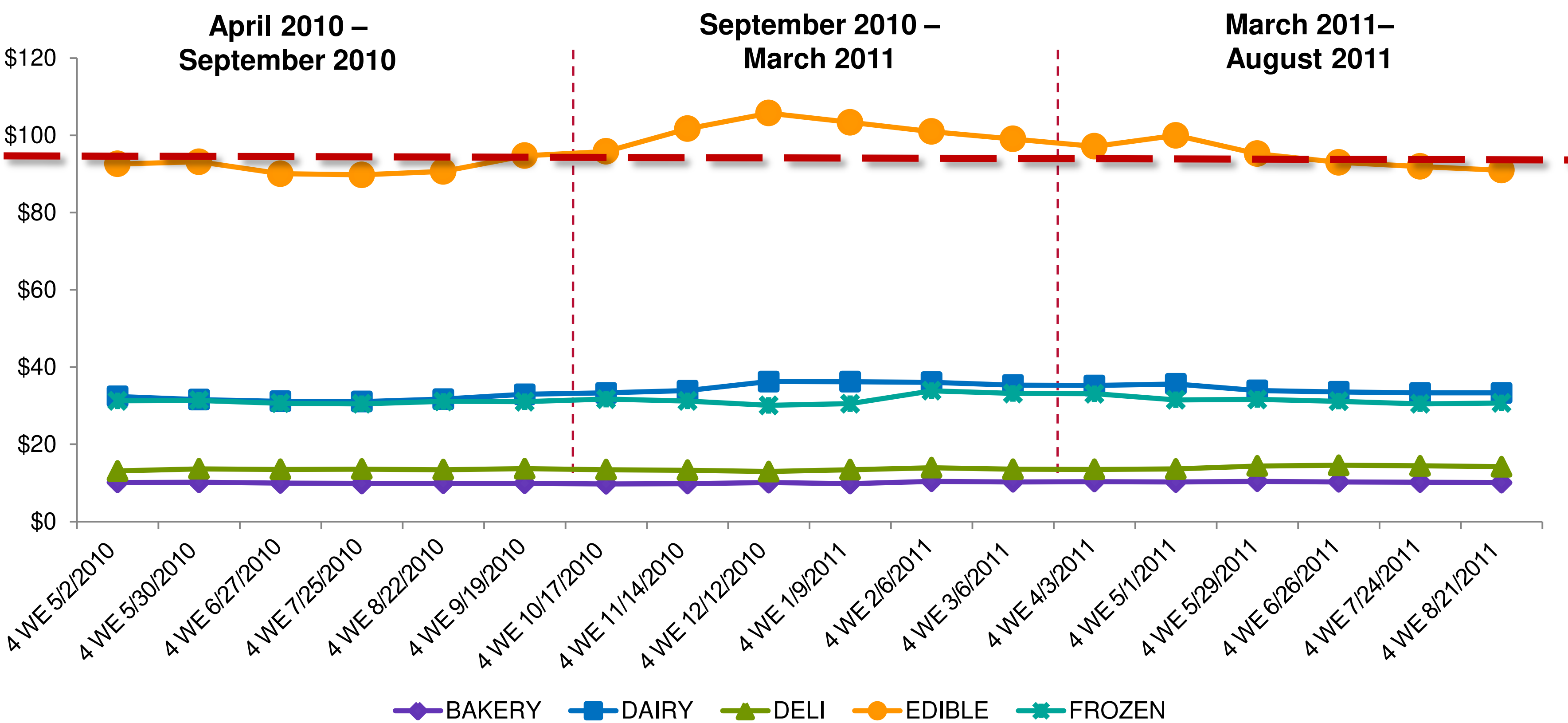
eighteen months of "stagnation"

Average Monthly Spend : All Shoppers – Total Food
Latest 72 Weeks Ending 08/21/2011



Source: IRI Economic Shopping Behavior Longitudinal Database™, IRI Consumer Network™; Total US

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shopping factoids

- **2.3 stores per week** – the new "trip route" is in play
- **10 plus unique banners in a year** – loyalty continues to be centered on "deals and offers"
- **Purchasing closer to consumption** – planned stocking and closer to paycheck purchasing is the new norm
- **Continuing to make "trade-offs"**– national/private brands, must to nice to have, multi-functional
- **No money to buy a product that could fail/not be accepted**
- **Value driven** – convenience, price/ value relationship, assortment, service

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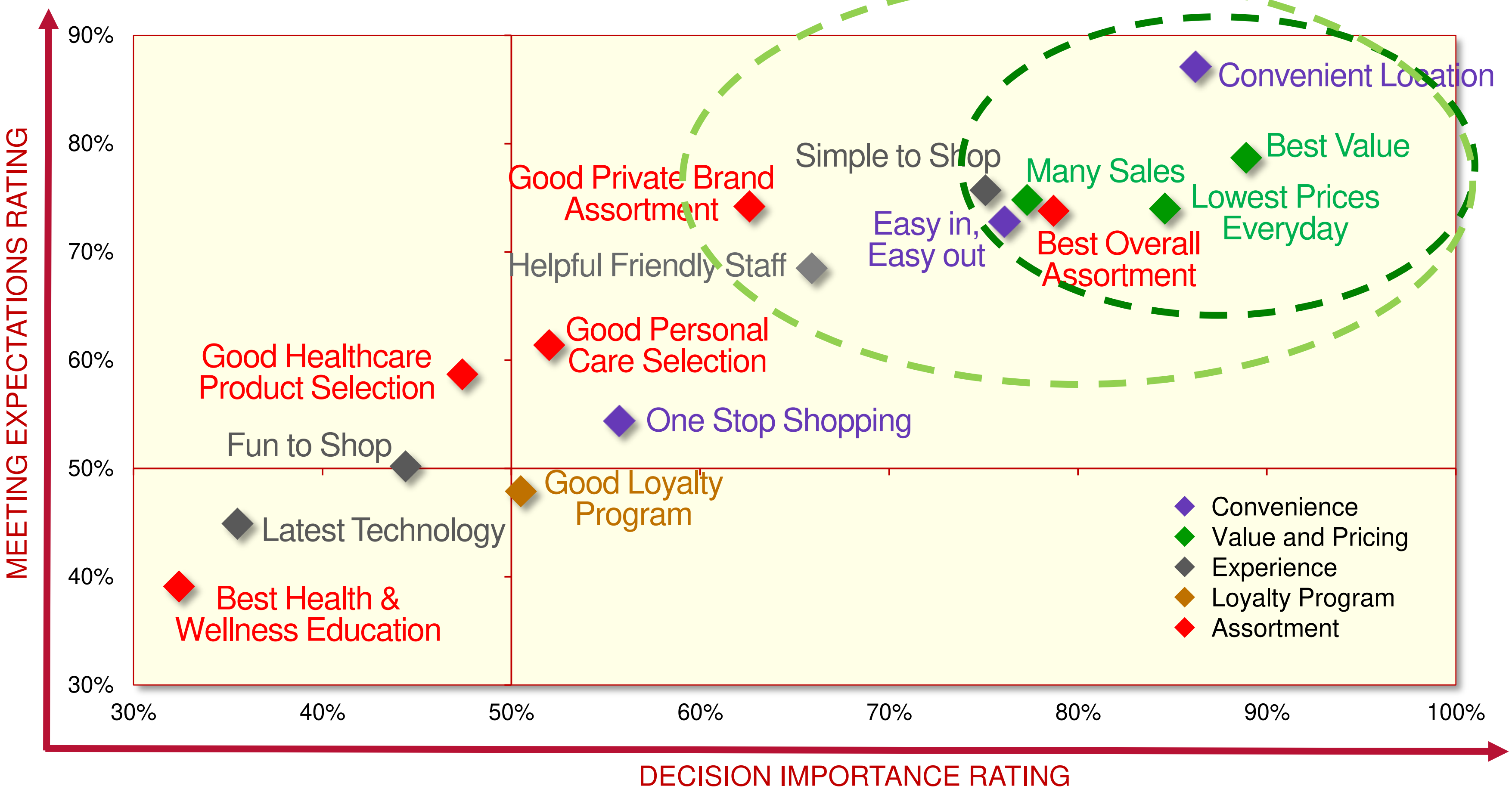
shoppers clarify decision influencers

Retailer: What's Important and What's Not
Percent of Shoppers



Source: SymphonyIRI Brand and Retailer Marketing Innovation Survey 2011, n = 1000

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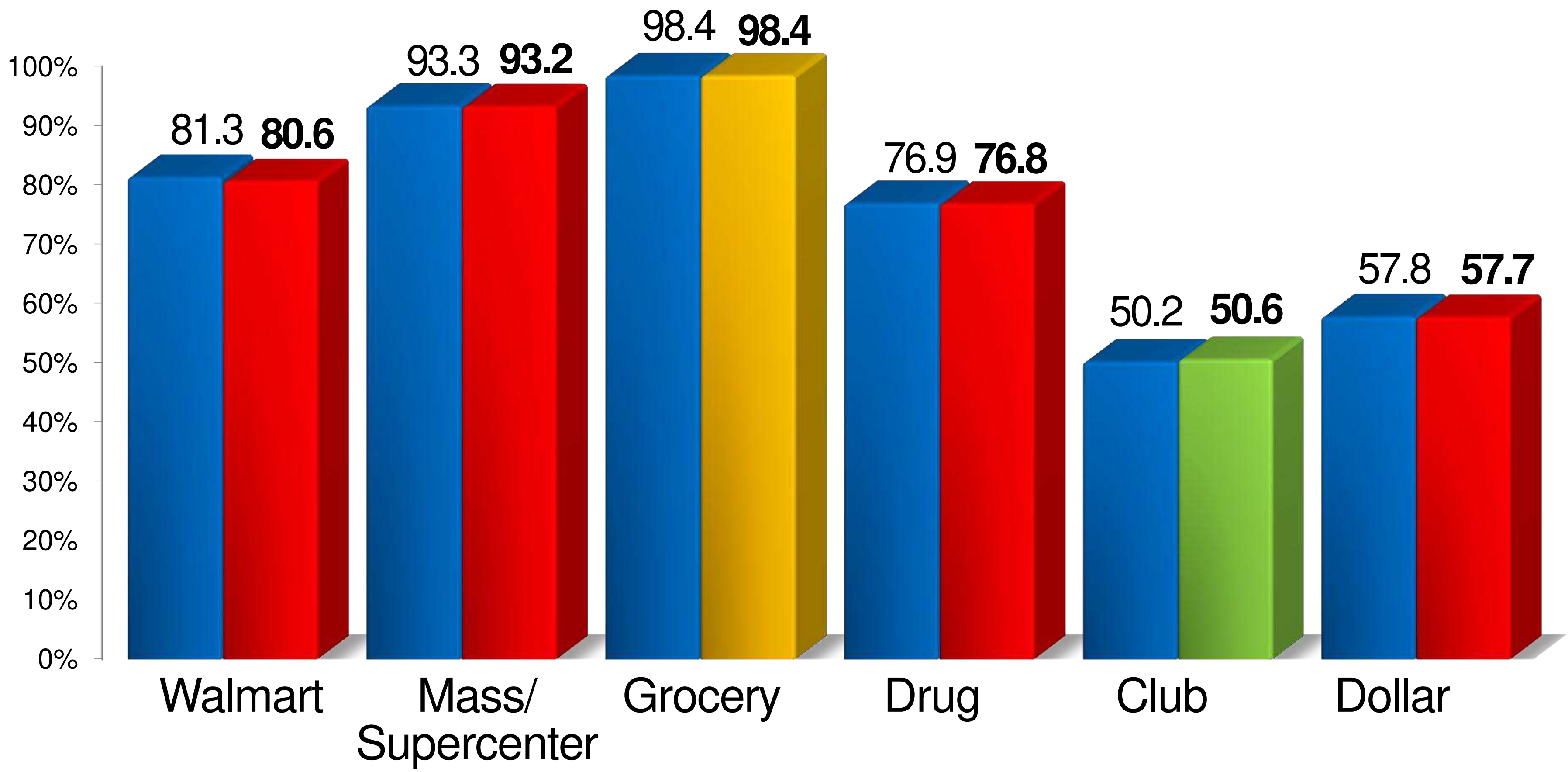
channel shifting

Where shoppers shopped in 2011
Annual Benchmarking: Latest 52 Weeks Ending *06/27/2010* vs. Latest 52 Weeks Ending *06/26/2011*



Source: IRI Economic Shopping Behavior Longitudinal Database™, IRI Consumer Network™; Total US

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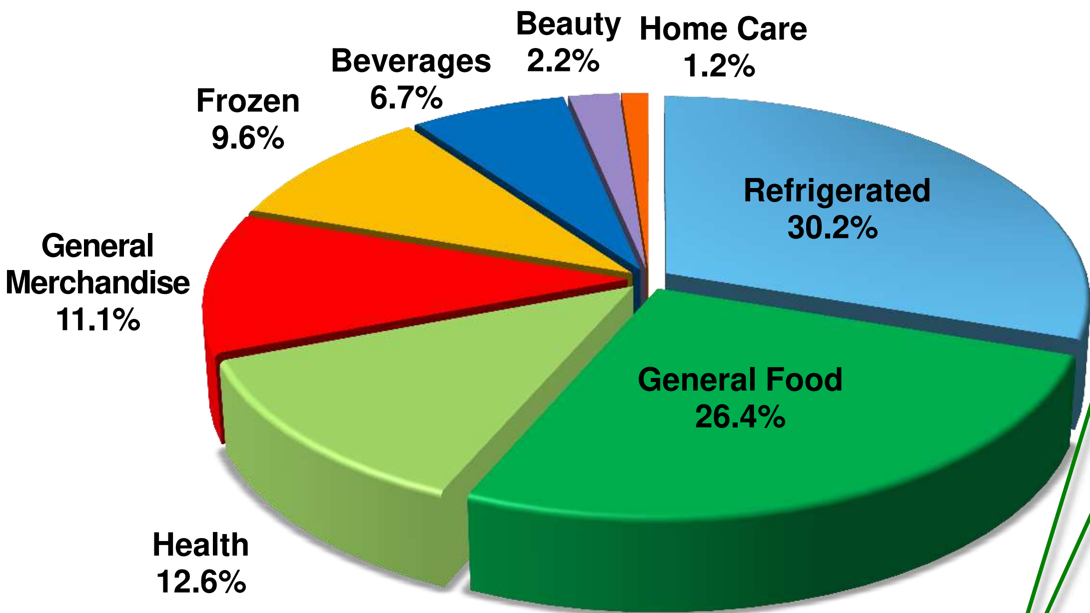
growth focus

Where the growth is in 2011
Latest 52 Weeks Ending June 12th 2011



Sales Percent YOY Change 2010-2011	
Refrigerated	7.5%
General Food	1.3%
Health	3.8%
General Merchandise	-2.5%
Frozen	-0.5%
Beverages	0.1%
Beauty	2.7%
Home Care	-7.9%

"Hot" Growth Departments in 2011

Source: IRI Economic Shopping Behavior Longitudinal Database™, IRI Consumer Network™; powered by ILD Store – data includes Total US FDM+ Walmart+ C-Stores. Time Period: 52-Weeks Ending 06/12/2011

summarizing shopper change

- The **"bifurcation" of the American shopper** is real
  - Requires separate marketing/merchandising strategies
- A **new value equation** has emerged
  - "Quality received per dollar spent"
- The **shopper planning ritual** is a new core strategy
  - 75% plus of America now makes lists (category and brand)
- **Shopping tradeoffs** are more prevalent than ever
  - "Lens of affordability" is pervasive at most income levels
- Change will only occur with **"economic comfort"**
  - Jobs, economic growth, personal financial stability

retailer responses/reactions

1	Increase store traffic everyway possible
2	Get pricing right (especially opening price point)
3	Increase "share of wallet" through innovation
4	Crystallize national/private brand investments
5	Establish a new model of collaborative innovation
6	Survive in a competitively intense world – traditional and e-retailing

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"A Perspective From 1000 Chicken Shoppers"

chicken shopper positioning

How shoppers spent their protein dollars in 2011
Percent of Chicken Buyers

	Chicken	Beef	Pork	Turkey	Fish
Individually **Frozen** Parts	61%	40%	25%	29%	48%
Frozen meals containing	62%	52%	19%	28%	24%
Fresh from butcher's case	44%	58%	41%	20%	28%
Cold cuts or luncheon meats	43%	49%	37%	66%	5%
Refrigerated meals containing	41%	36%	22%	22%	12%
Package shelf stable meals containing	34%	29%	14%	14%	15%
Fresh from a small producer/local farm	17%	17%	11%	7%	9%

Source: SymphonyIRI Chicken Council Survey, n =1000

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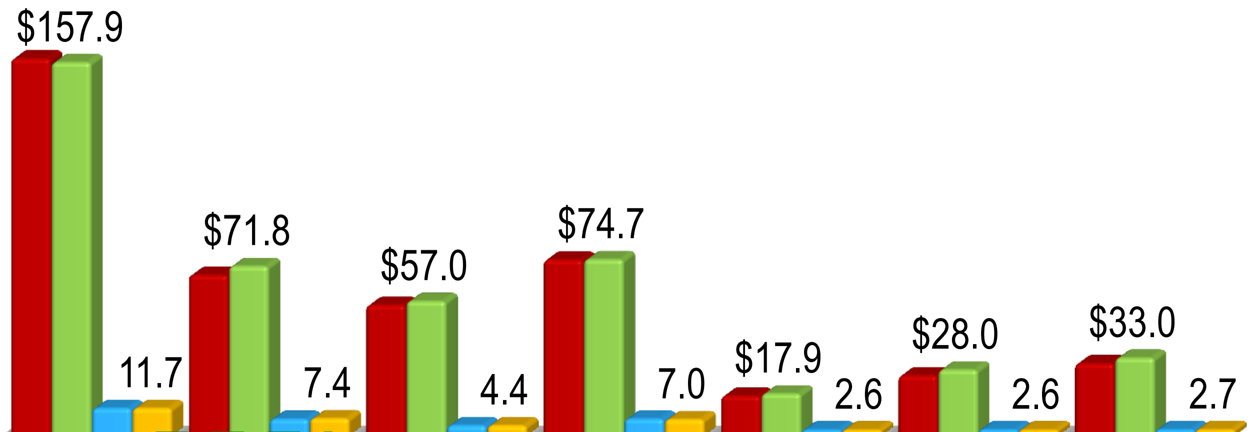
spending on chicken increases

Fresh Protein Consumption
52 Weeks Ending 6/26/2011 vs. 52 Weeks Ending 6/28/2009



	Beef/ Veal	**Chicken**	Fish/ Shellfish	Pork	Sausage/Hot Dogs	Turkey	Other Meats
Dollars per Buyers 2009	$159.5	**$68.0**	$55.3	$74.5	$16.9	$25.5	$30.6
Dollars per Buyers 2011	**$157.9**	**$71.8**	**$57.0**	**$74.7**	**$17.9**	**$28.0**	**$33.0**
Trips per Buyers 2009	11.7	**7.1**	4.4	7.2	2.6	2.7	2.7
Trips per Buyers 2011	**11.7**	**7.4**	**4.4**	**7.0**	**2.6**	**2.6**	**2.7**

Source: SymphonyIRI Chicken Council Survey, n =1000

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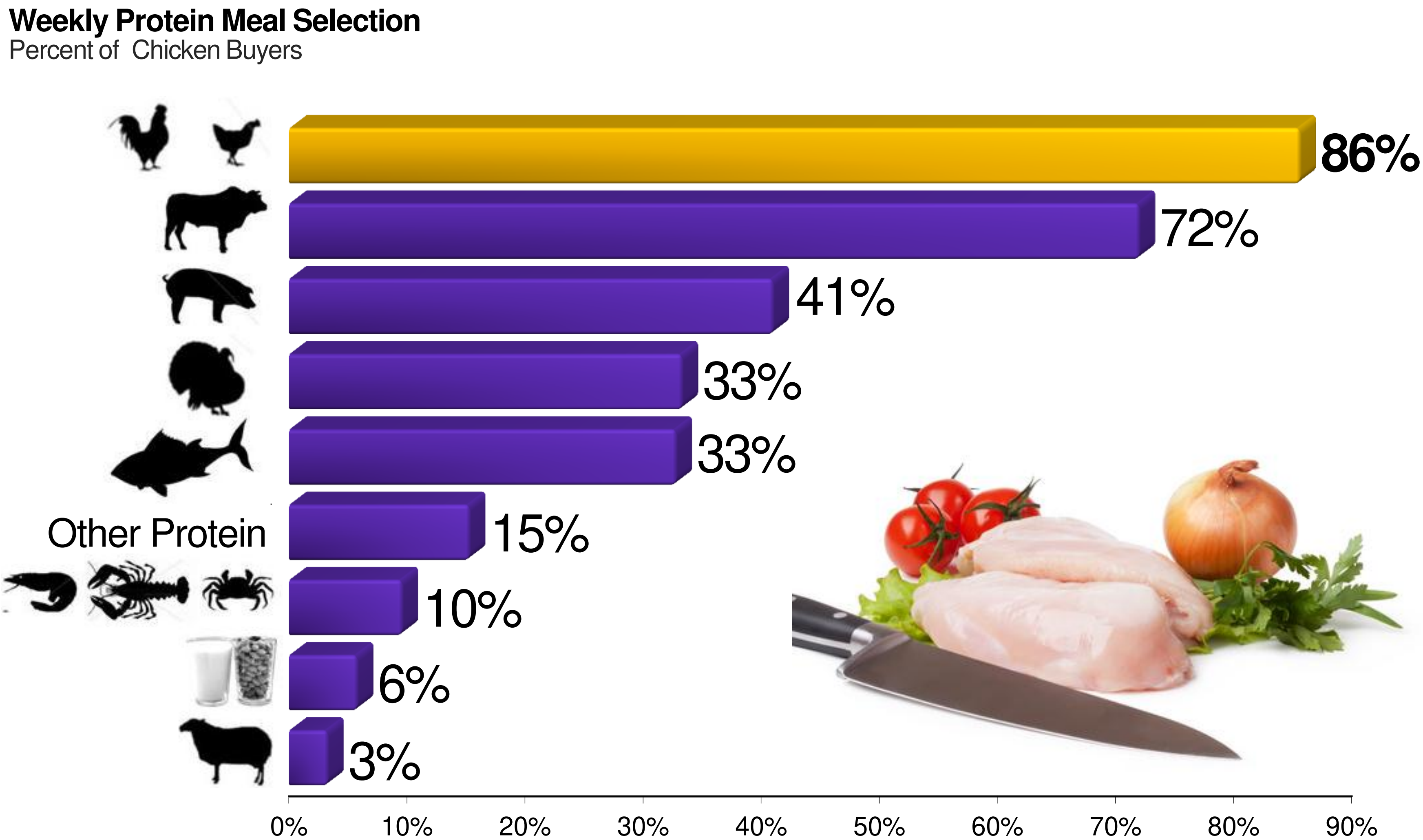
chicken leads weekly meal slection



Source: SymphonyIRI Chicken Council Survey, n =1000

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chicken dominates "occasions"

Twelve Month Purchases
Percent of Chicken buyers

	Chicken	Beef	Pork	Turkey	Fish
Dinner at home	**89%**	63%	34%	22%	27%
Restaurant "sit-down" meals	**64%**	52%	16%	10%	21%
A healthy meal option	**64%**	16%	11%	20%	23%
Lunch at home	**61%**	35%	17%	23%	13%
Fast food meals	**61%**	56%	6%	5%	10%
Meal while on the go	39%	29%	6%	10%	5%
Packed lunch for work or school	32%	19%	9%	17%	4%
Snack	21%	12%	4%	9%	4%

Source: SymphonyIRI Chicken Council Survey, n =1000

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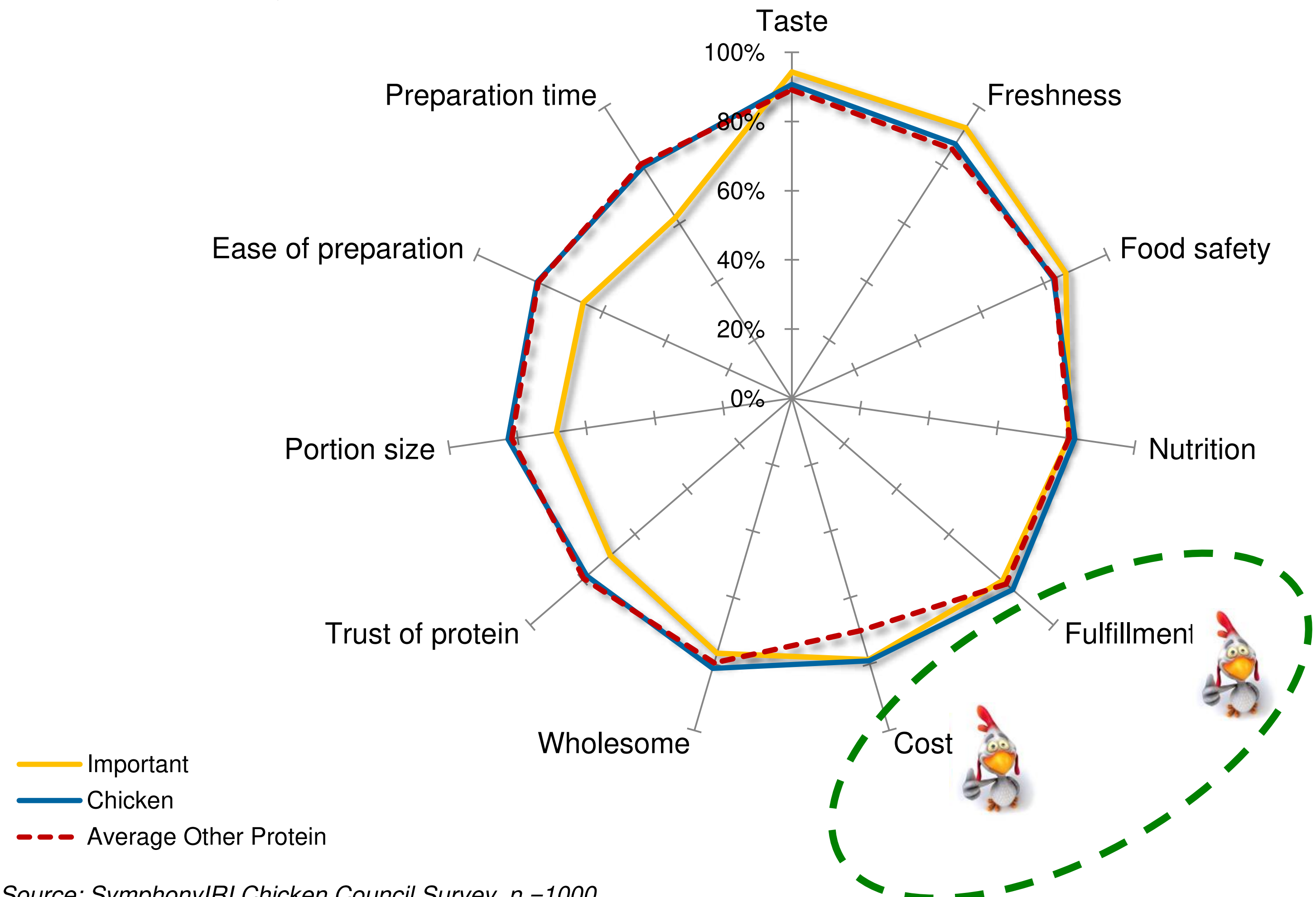
chicken = overall value

Importance and Satisfaction: Chicken vs. Average Other Proteins

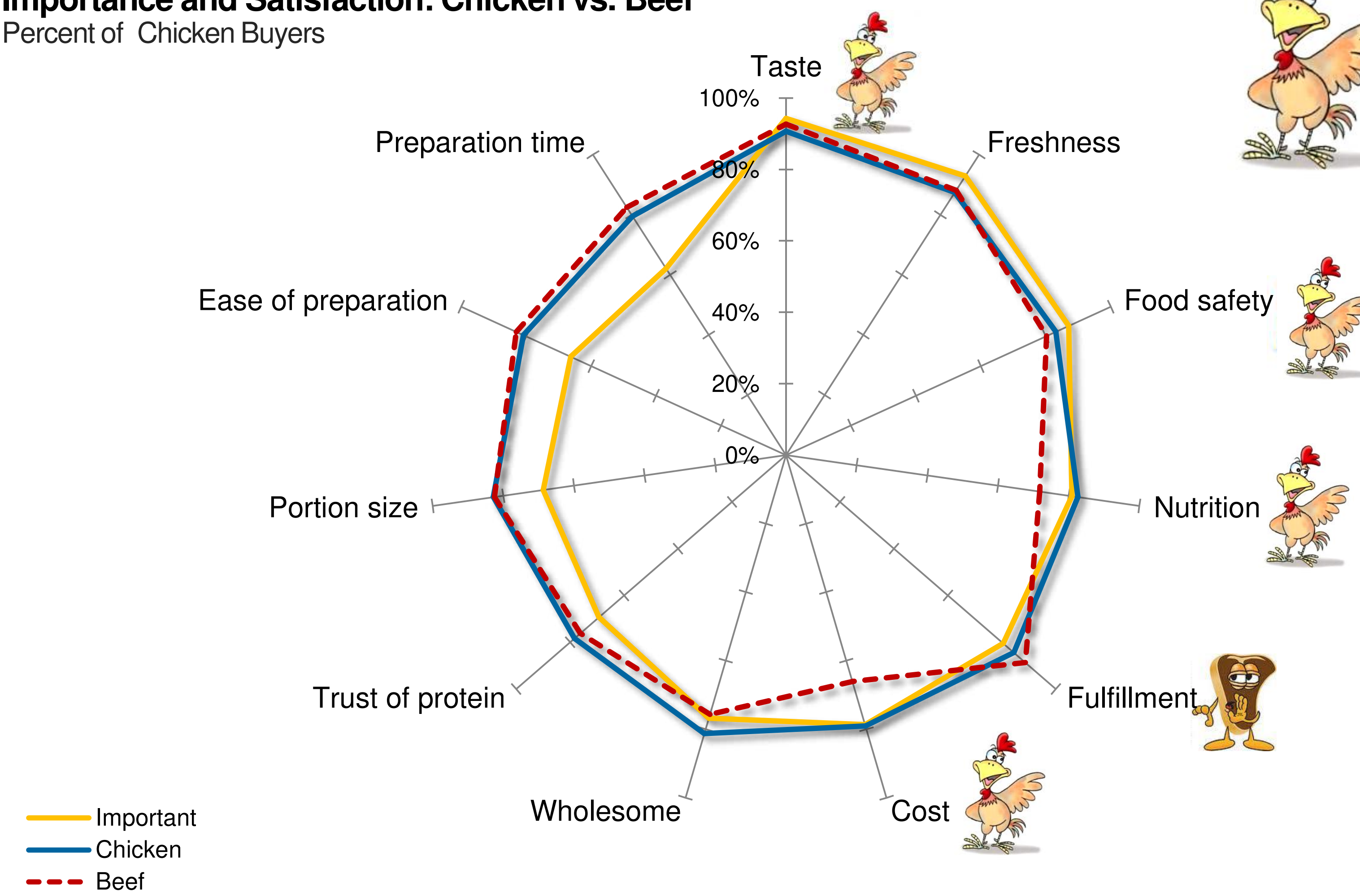
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

chicken = value/quality

Importance and Satisfaction: Chicken vs. Beef
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

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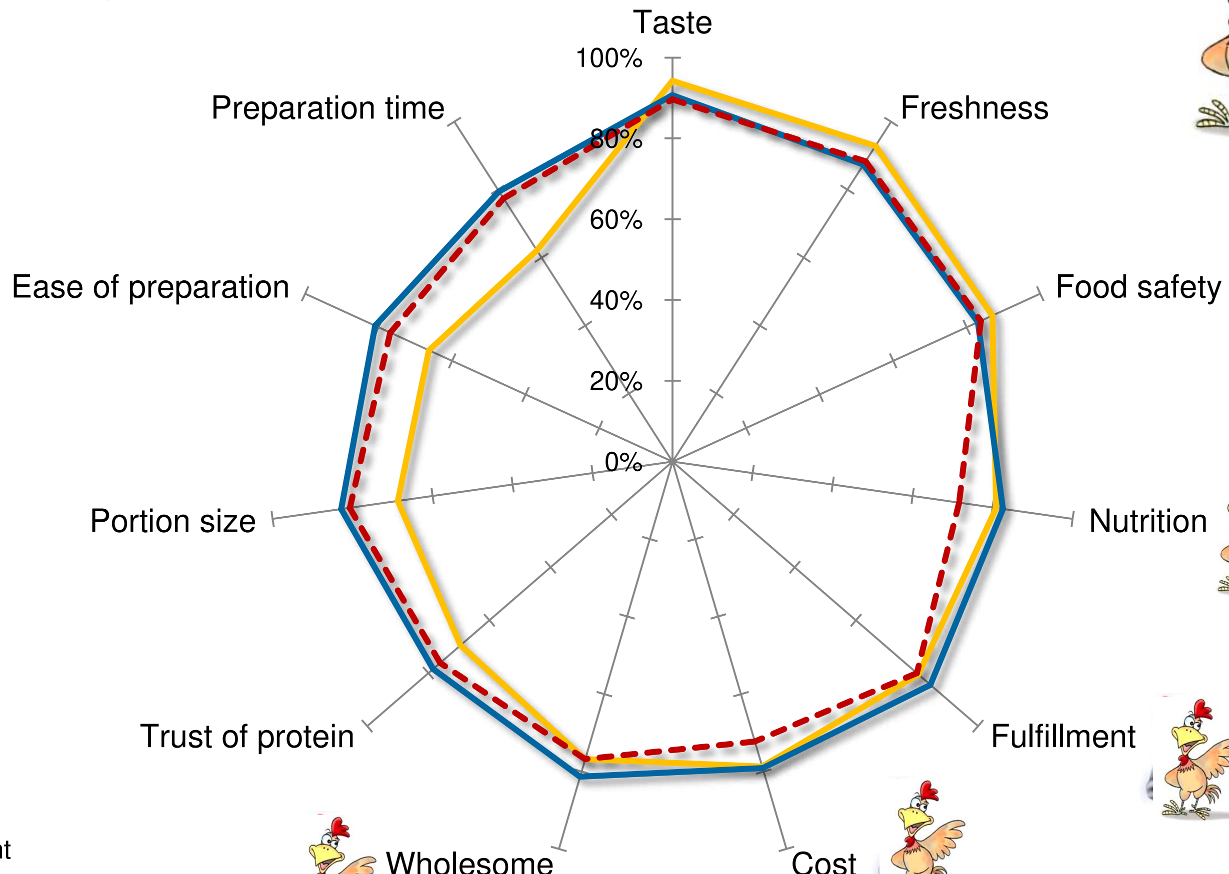
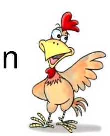
chicken = value/filling/healthy

Importance and Satisfaction: Chicken vs. Pork
Percent of Chicken Buyers





Important
Chicken
Pork

Source: SymphonyIRI Chicken Council Survey, n =1000

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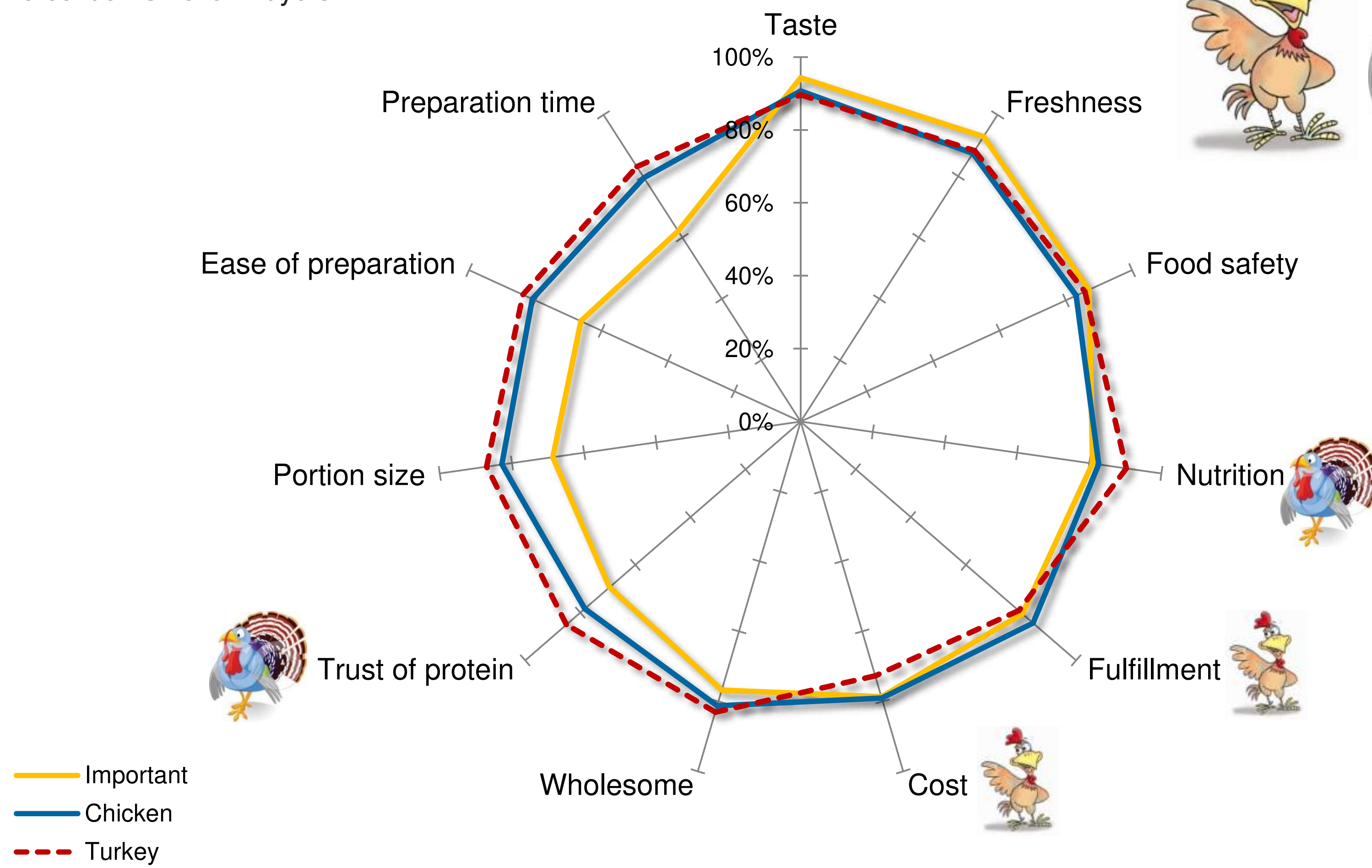
chicken = value, turkey = trust/healthy

Importance and Satisfaction: Chicken vs. Turkey
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

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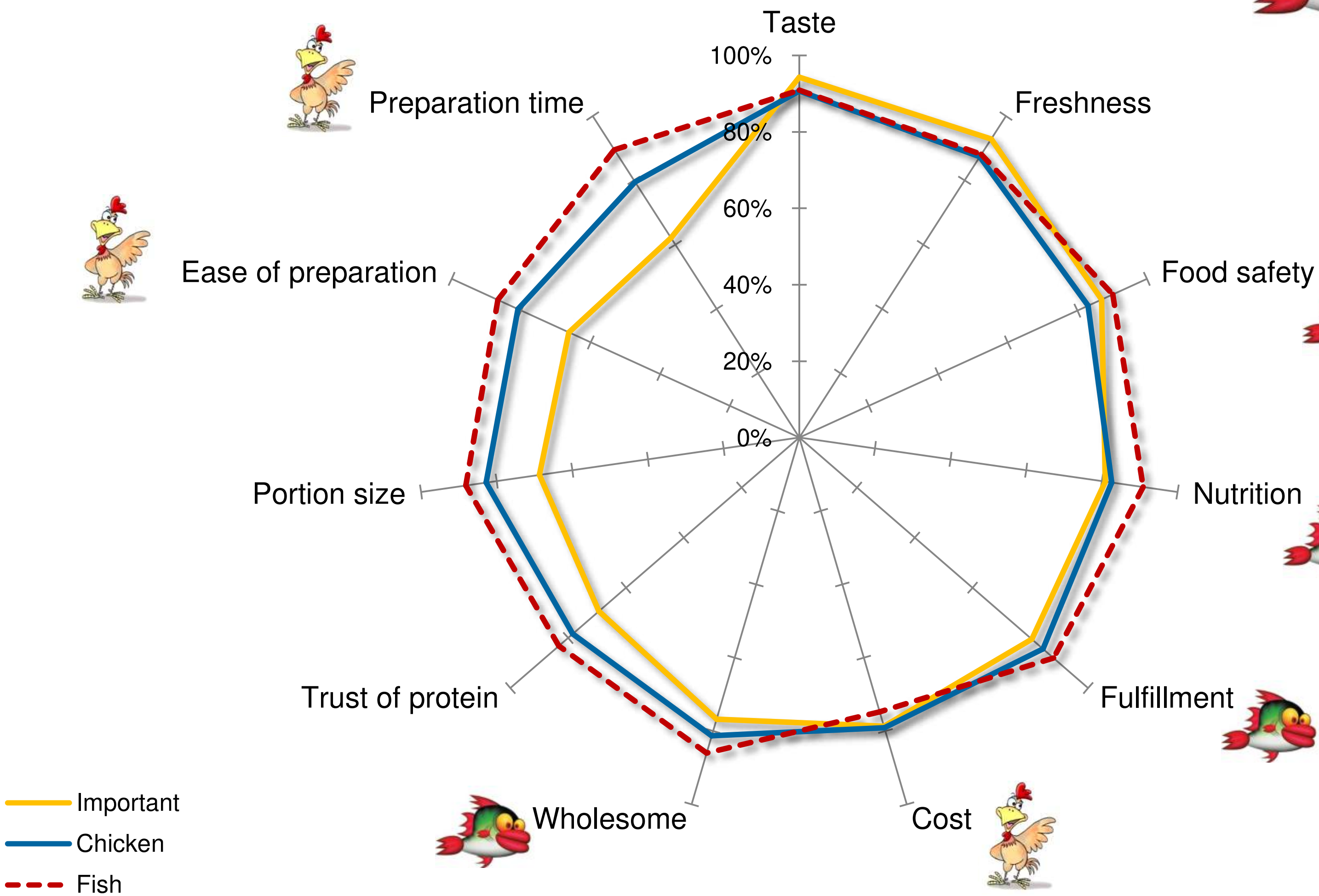
chicken = value/simplicity, fish = filling/healthy

Importance and Satisfaction: Chicken vs. Fish
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

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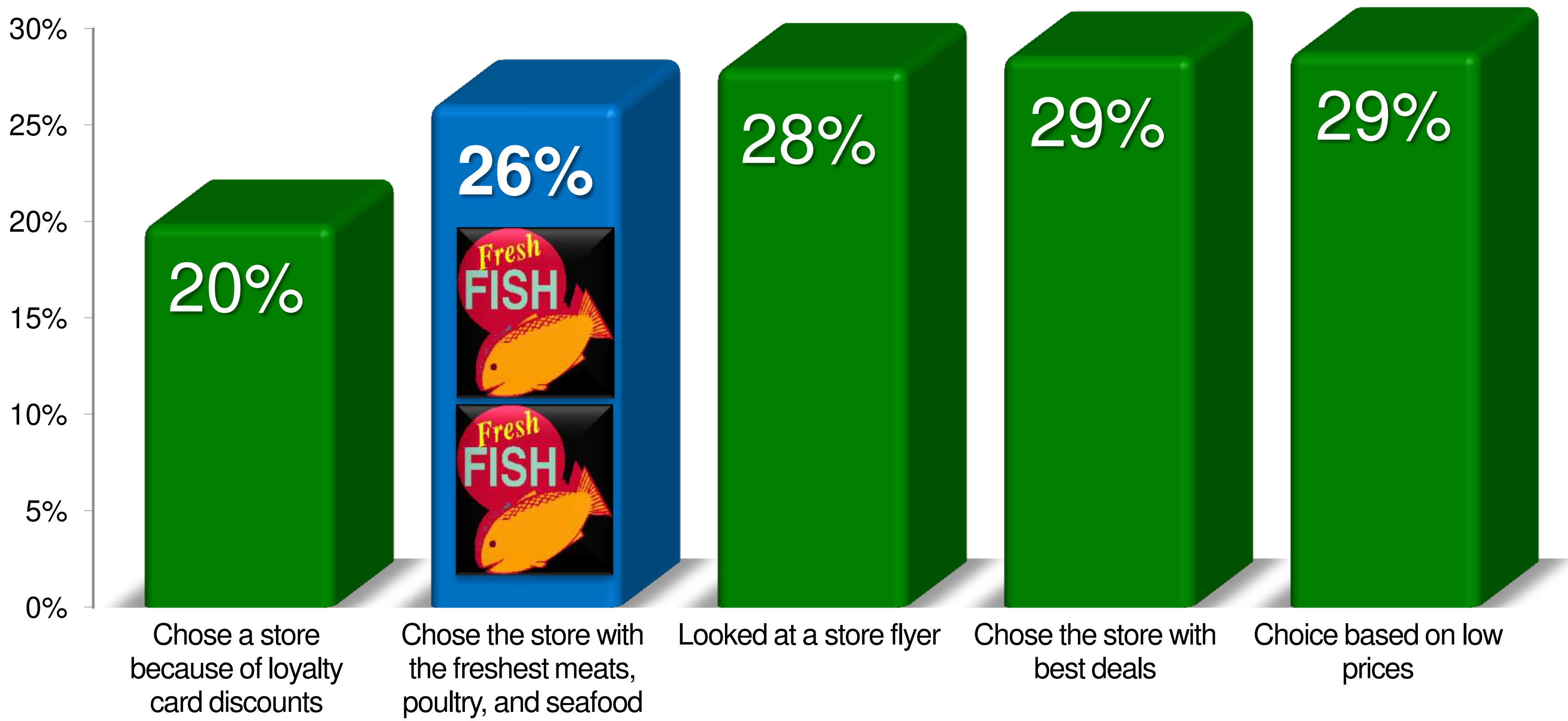
fresh/price tradeoffs

Channel Selection for Protein Purchase
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

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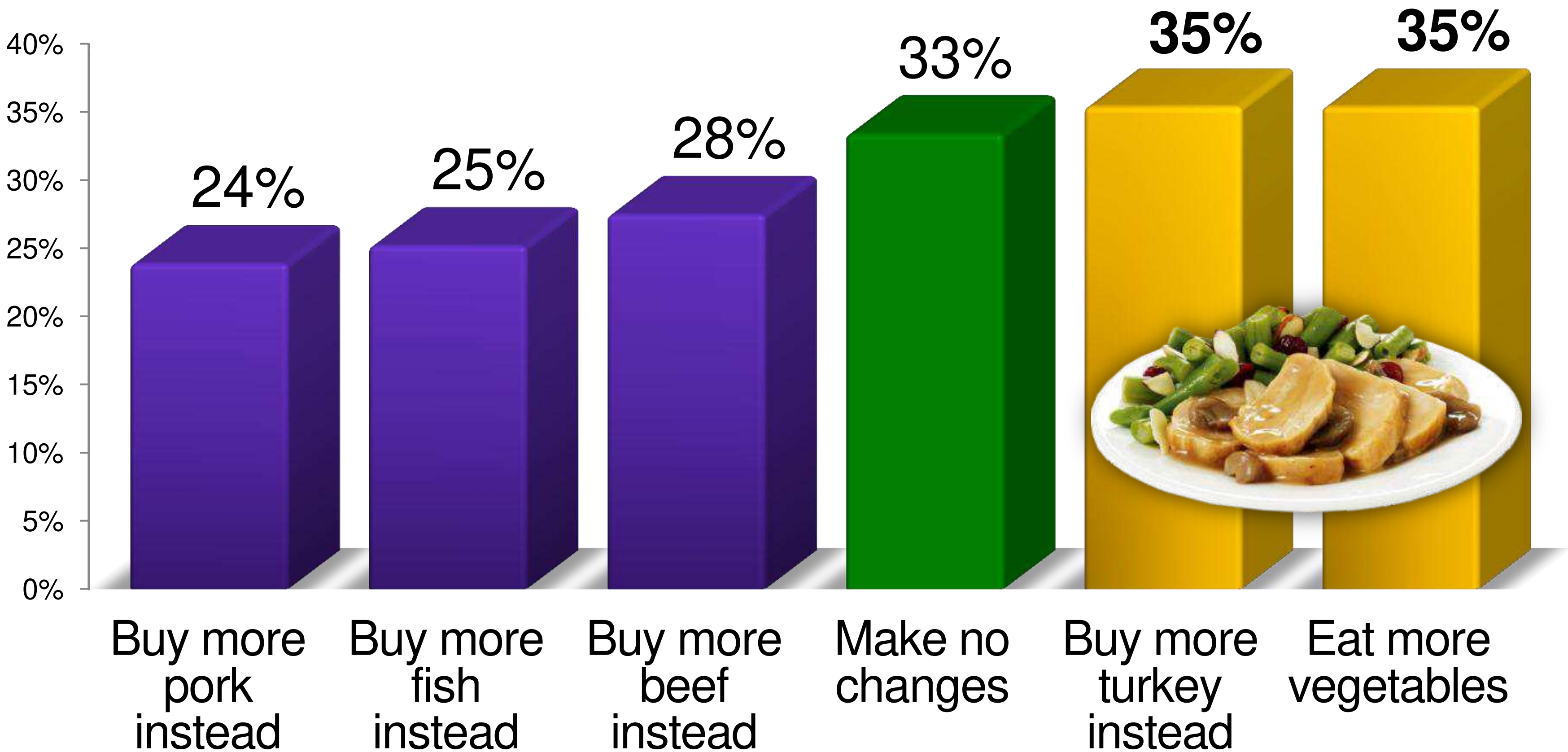
price increases drive change

Shopper strategies when prices increase
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

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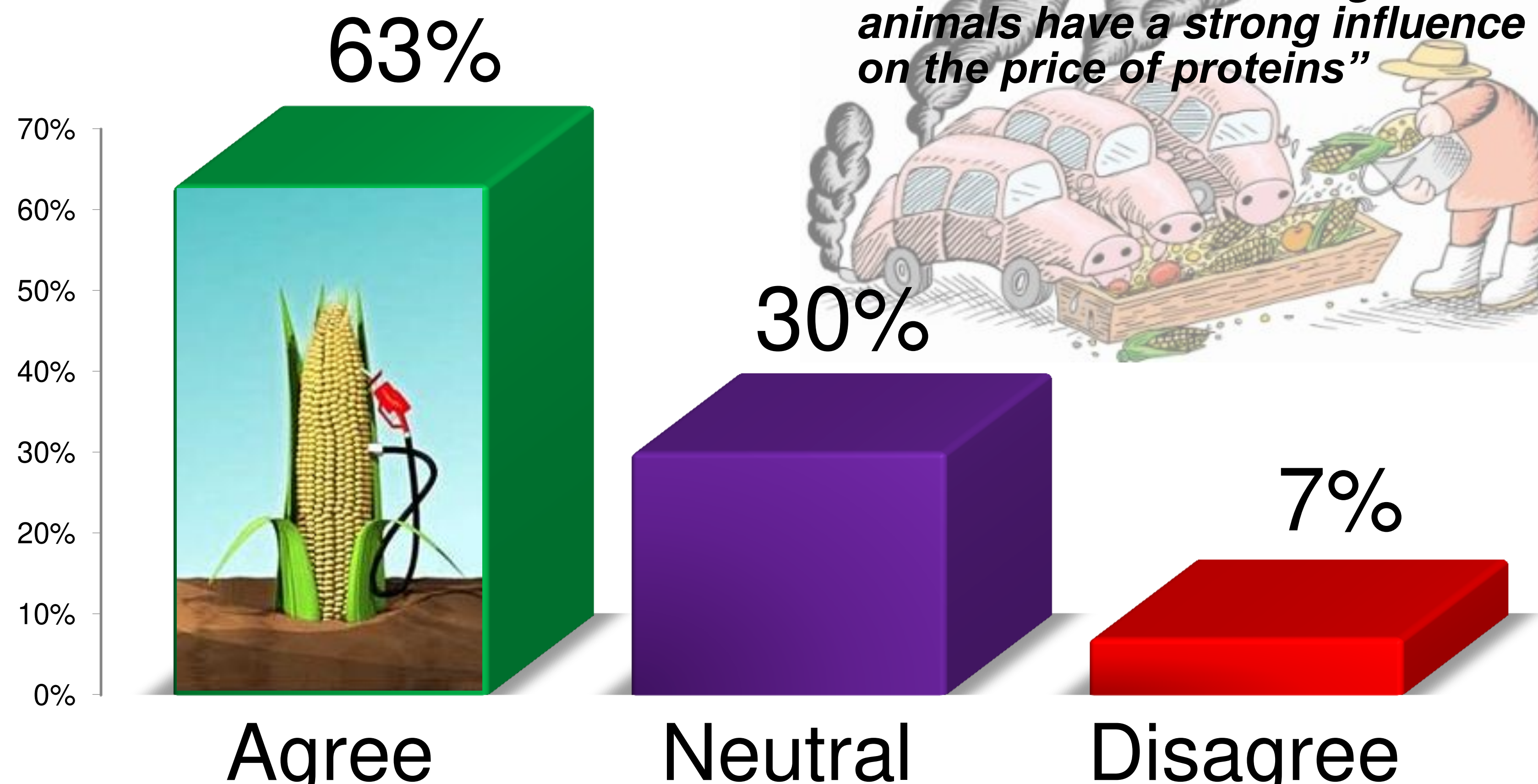
perception of governmental programs

Protein Pricing Drivers: Governmental Influence
Percent of Chicken Buyers

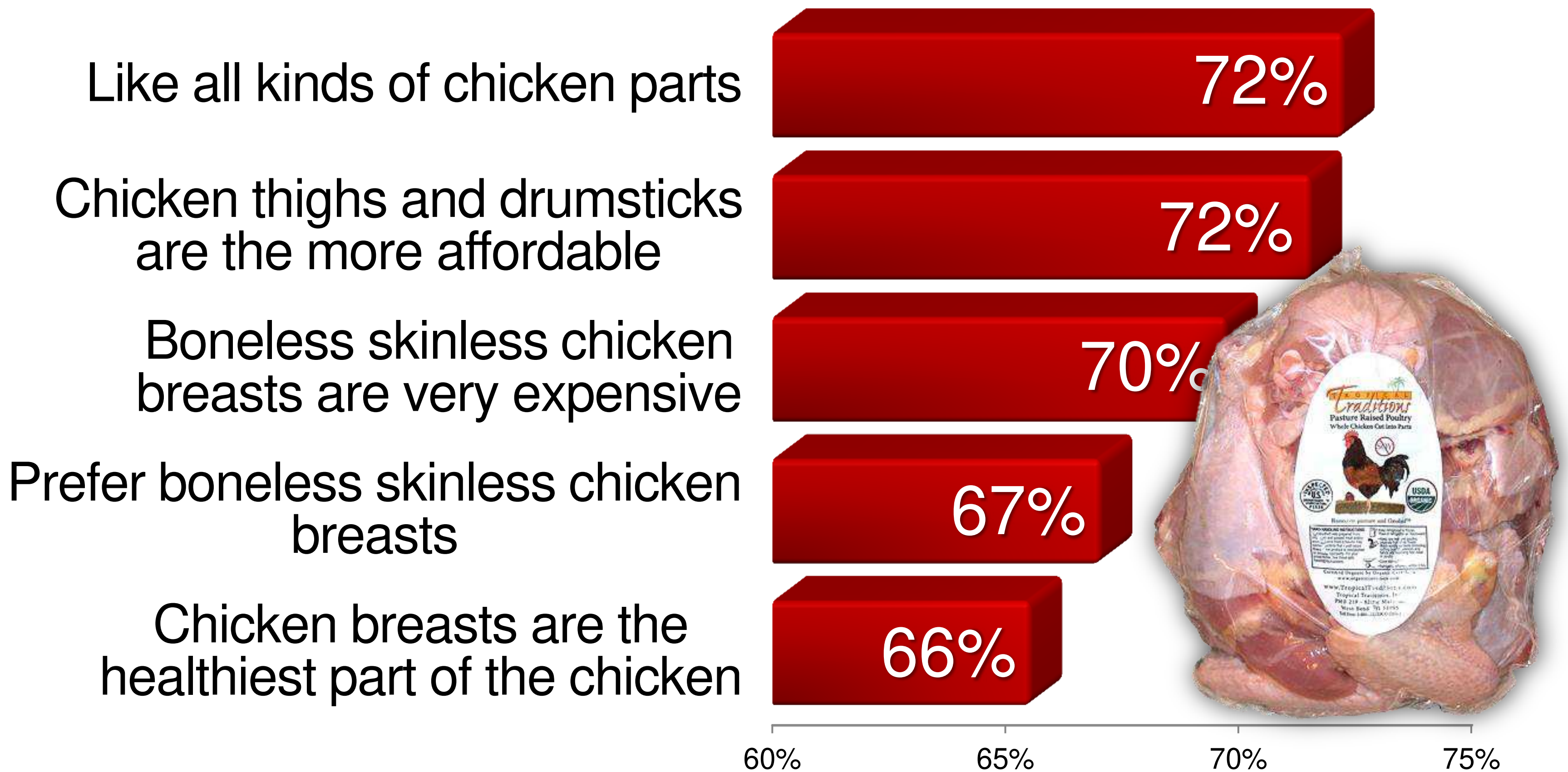


"Federal and state programs that incent farmers to grow corn for ethanol instead of feed grains for animals have a strong influence on the price of proteins"

Source: SymphonyIRI Chicken Council Survey, n =1000

shopper preferences

Chicken Part Preferences
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

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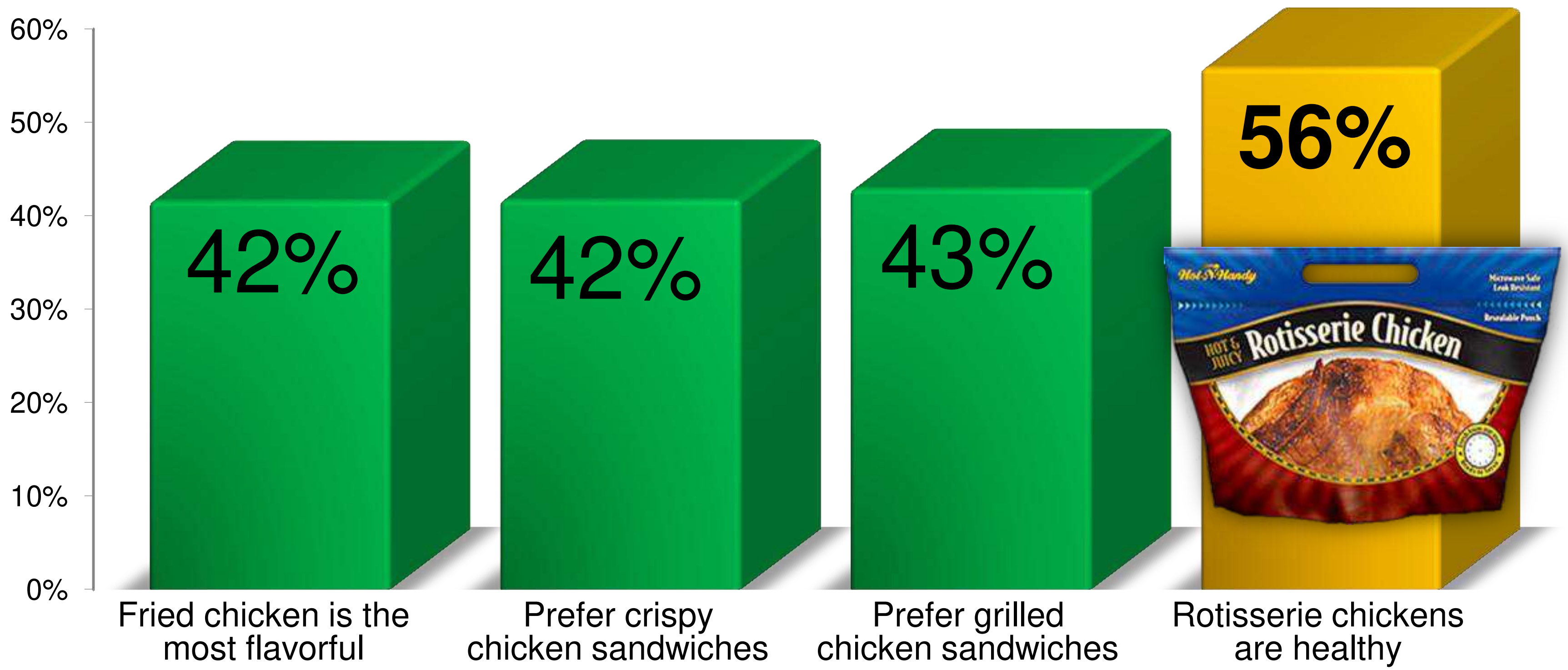
rotisserie = healthy

Chicken Preparation Beliefs
Percent of Chicken Buyers



Source: SymphonyIRI Chicken Council Survey, n =1000

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today's dialog

- Economic Implications
- Shopping Rituals Redefined
- The Chicken Shopper 2011
- *Recommendations*

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summarizing 2011-2013

Spend levels will be unchanged

Shopping trips to conventional stores to decline

Private brands will play a bigger role

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2012 key trends

“Double Dip Recession Balancing Act”

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"Pricing Versus Trade Deal Tradeoffs"

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“Economic And Shopper Stagnation Continues”

2012 key trends

“Market Winners Innovate for Growth”

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final thoughts