2023 Chicken Consumer Perspective:

Chicken Satisfies the Cost-conscious Consumer

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Thank you!

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Today's discussion

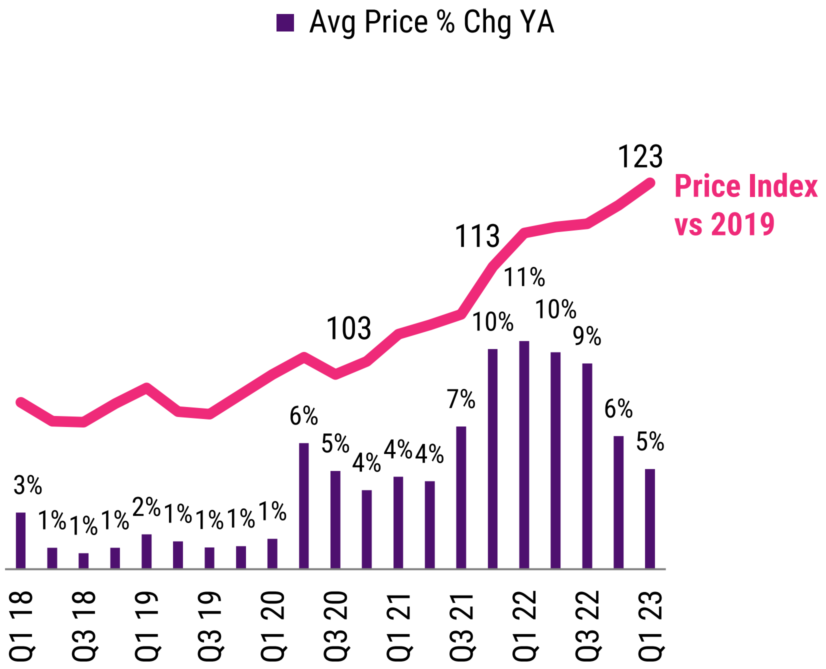
01

Inflation Lingers

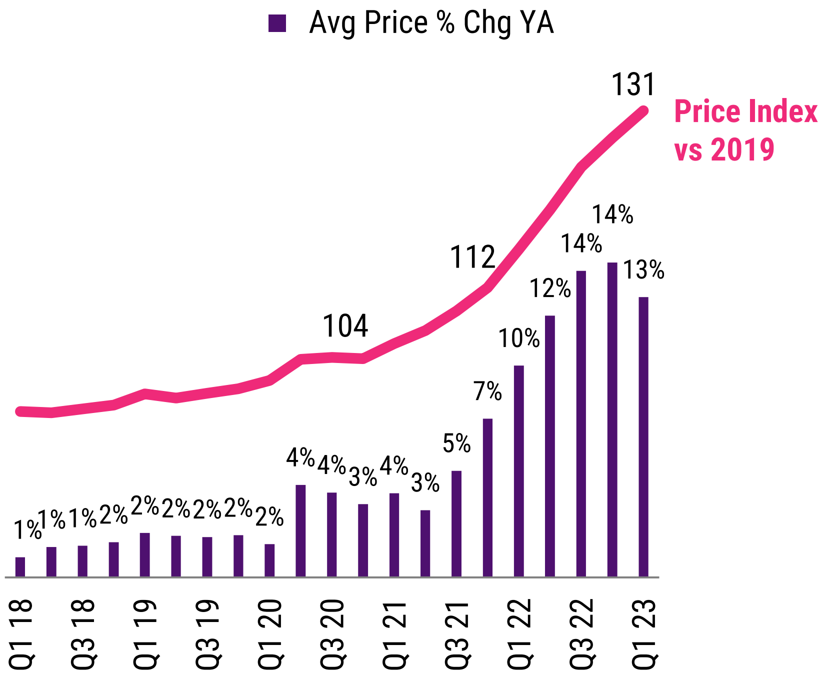
How is the consumer reacting?

Consumers are facing close to 30% higher average prices compared to 2019

Perimeter



Center of Store



2023 Q1 prices relative to Q1 2019

+45% Carbonated Soft Drinks	**+41%** Dairy
+39% Frozen Fruit & Vegetables	**+30%** Fresh Chicken
+24% Fresh Beef	**+20%** Fresh Pork

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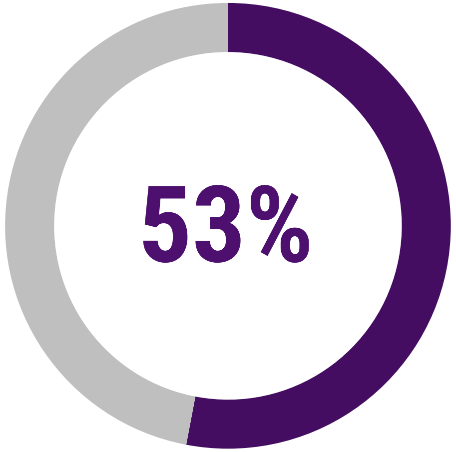
Source: BLS data ending April 2023. Circana pricing decomposition analysis..

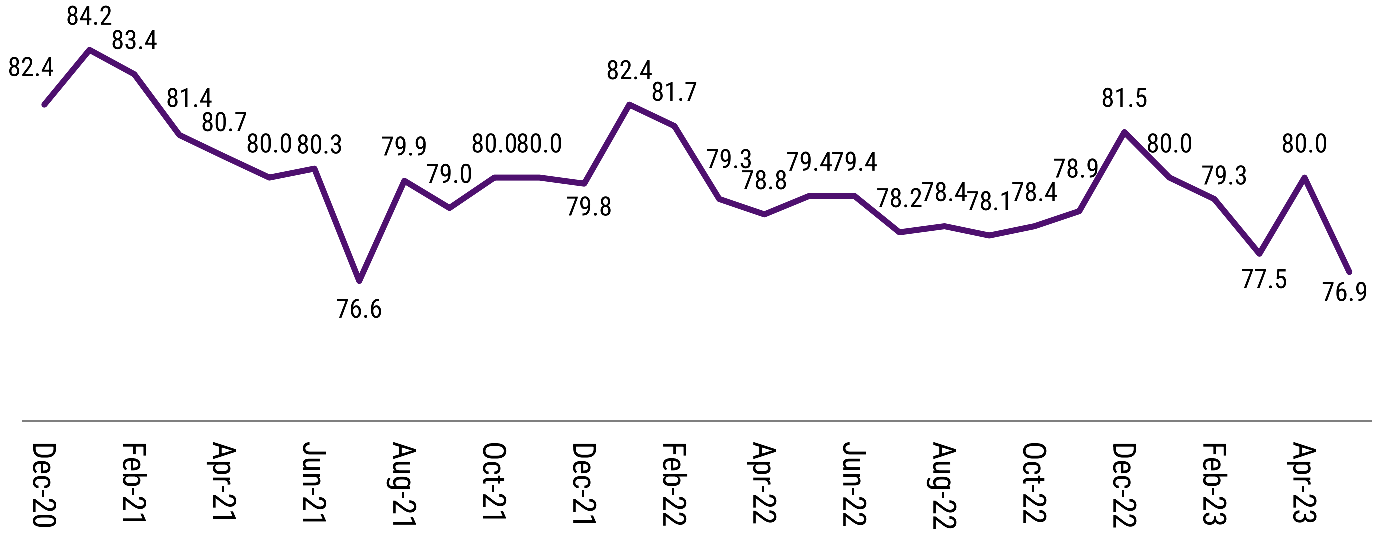
The share of total meals in May 2023 shot back down from the previous month in Home-Based Meals, similar to July's share in 2021 at 76.9%

Future plans seem on-par with past months

Estimated 2019 Wallet Share of Food at Home



Share of total meals prepared at home by month (%)



20%
of Shoppers Plan to Cook at Home MORE in June 2023 than in May

29%
Plan to Eat at a Restaurant LESS next month

Sources: Circana Shopper Survey May 2023

June 2023

Shoppers concern over prices continue to change behaviors; however, they are still frequenting restaurants this summer

93% The % of shoppers who are **concerned** about food cost **inflation, 3**% lower than May results.

46% The % of Shoppers **buying less volume of fresh meat** and less fresh produce due to food cost inflation to avoid **food waste.**

82% Are making **one or more changes**, down **2%** from May results. **Looking for sales** is the most popular (51%) followed by **cutting back on non-essentials** (45%).

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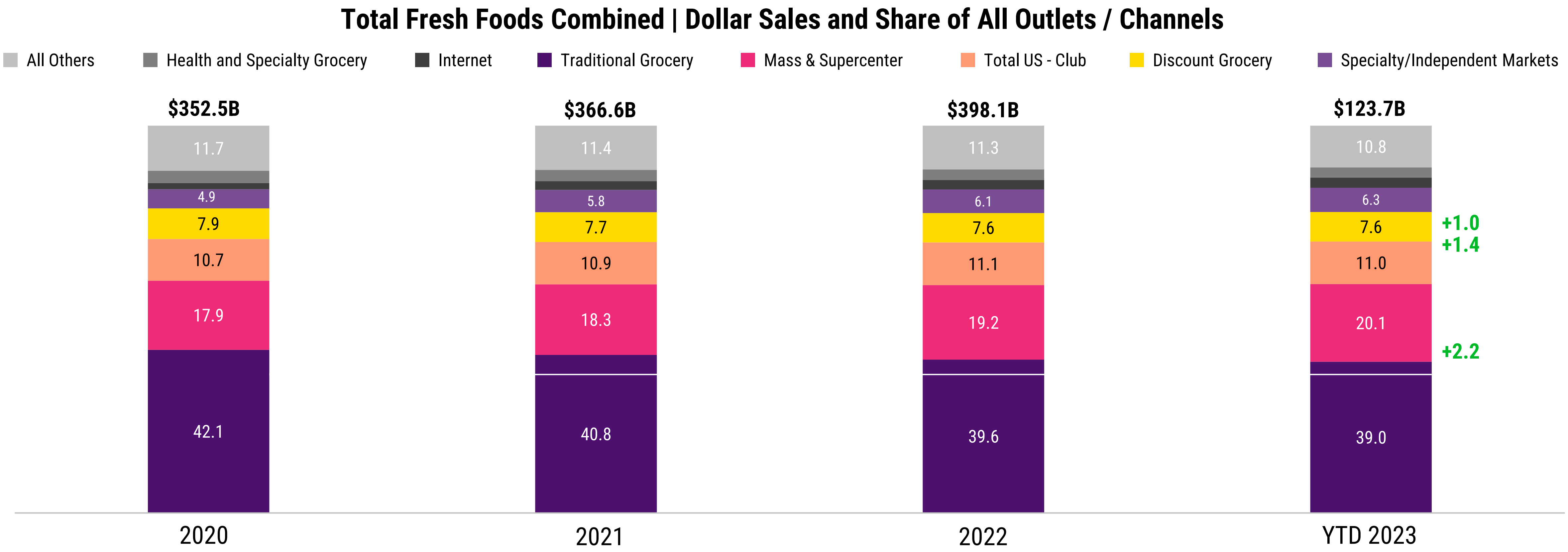
Sources: Circana Shopper Survey June 2023

Shoppers continue to shift their fresh foods spending

Across multiple retail channels with mass/supercenter and specialty shops (independent and focused food outlets) taking the biggest bite from traditional grocers



Source: OmniConsumer Integrated Fresh CY 2020-2022, L52W, YTD 2023, L13W, L4W data ending 04/23/23, All Outlets Change rates are YTD 2023 vs. 2020.

Total CPG – channel preference by generation

Channel dollar share index

Channel preference by generation: Lowest Index – Highest Index

Generations	Grocery	Convenience	Club	Drug	Mass/ Supercenter	Dollar	Health/ Vitamin
Gen Z	**87**	132	74	101	**158**	138	0
Younger Millennials	**95**	117	69	86	**156**	102	0
Older Millennials	**97**	123	95	77	**133**	91	53
Gen Xers	**97**	110	108	97	**112**	105	89
Younger Boomers	102	110	102	103	73	108	120
Older Boomers	105	63	105	114	62	92	135
Retirees & Seniors	113	27	103	148	44	90	203

Where you shop for consumer packaged goods (non-edible and food/bev) is **generational** – traditional grocery under-indexes for all but the oldest consumers.

Note: Walmart is not included in grocery or mass/super.Source: Circana OmniConsumer™ Scan Panel, All Outlets, 52 weeks ending 4/23/23 vs. YA, NBD aligned.

02

Fresh Foods & Proteins Insights

Year to date, prices are up: +9.2% for General Food

Meat & Produce lapping Q1 2022 inflation lifts

YTD 2023 % Change vs. Year Ago (Sorted by Total $ Sales)

Dollars | Units or Volume* | Fresh Foods Departments










Category	Dollars	Units or Volume*
General Food	+9.2%	-3.6%*
Beverages	+10.2%	-3.8%
RFG / Dairy	+9.9%	-2.9%*
Meat	-1.0%	-2.2%
Frozen	+5.7%	-5.0%*
Produce	+1.4%	-1.0%
Deli & Prep Foods	+5.6%	-2.1%*
Bakery	+10.4%	-2.2%*
Adult Beverages	-0.0%	-3.3%
Seafood	-0.8%	-0.5%

*Source: IRI Integrated Fresh Market Advantage, MULO, YTD WKE 6-18-23, *Units used when volume is not equivalized at the department level.*

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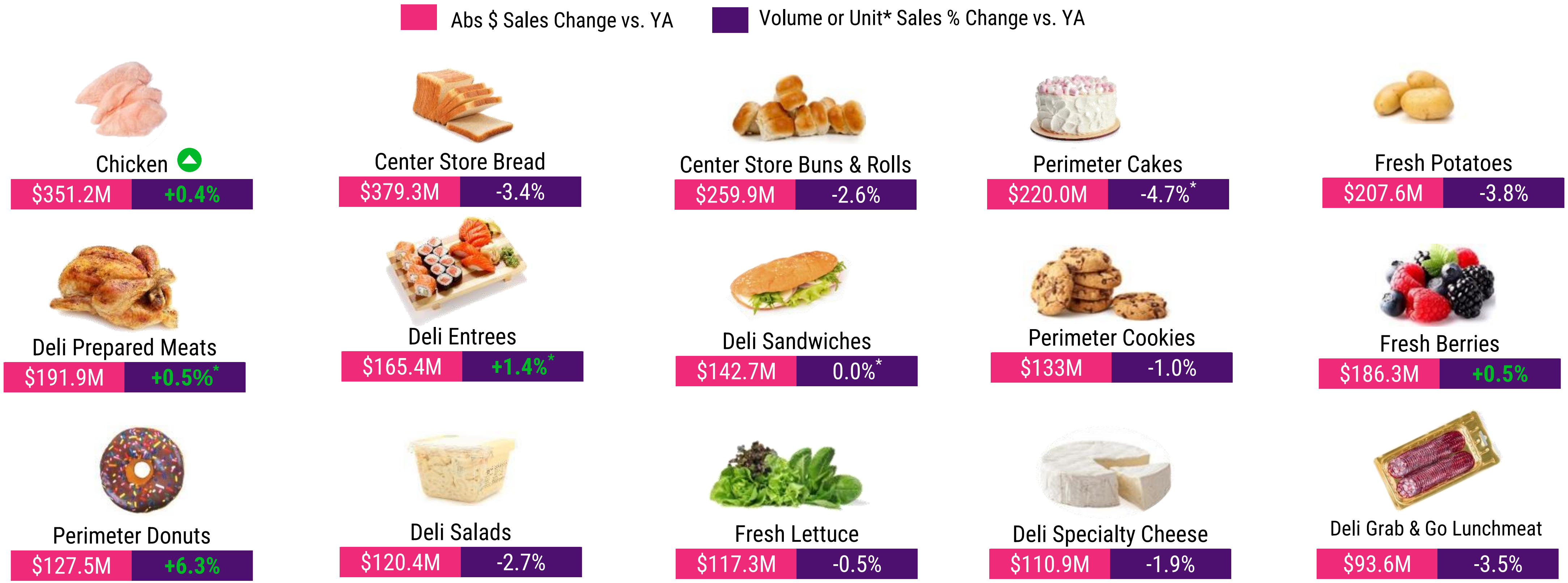
Chicken's YTD volume growth is very visible

Only chicken, deli prepared meats, deli entrees, fresh berries and perimeter donuts are growing

YTD 2023 Fresh Foods Top 15 Categories by Dollar Sales Change vs. YA



Source: Circana Integrated Fresh, MULO, 2023 ending 6-18-23, note Units used when volume is not equivalized at the department level. Beverages, Meat, Produce and Seafood are in volume

Among major proteins, Fresh Chicken is the only one with both dollar and volume sales growth vs. YA

Core Proteins Dollar Sales	% Change vs. YA	% Change vs. 3YA
Beef	-1.5%	9.7%
Chicken	10.8%	24.0%
Pork	-2.9%	4.1%
Turkey	5.6%	11.0%

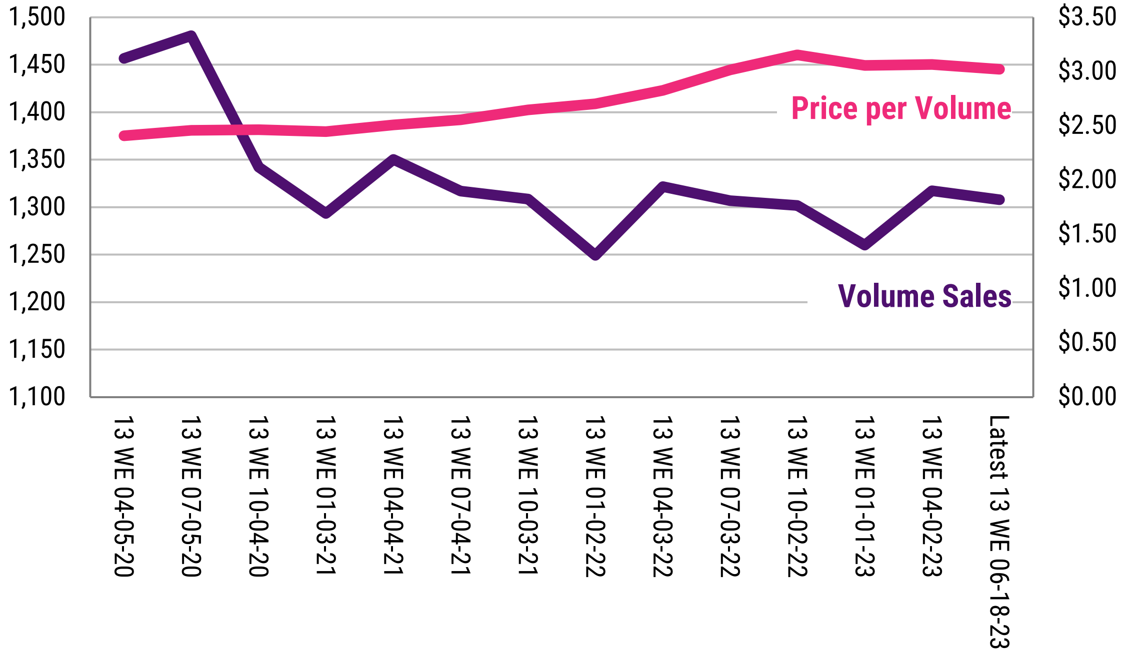
Core Proteins Volume Sales	% Change vs. YA	% Change vs. 3YA
Beef	-0.8%	-6.0%
Chicken	0.2%	-4.1%
Pork	-1.1%	-8.1%
Turkey	-6.1%	-10.7%

Circana Integrated Fresh MA Database – Latest 52 Weeks Ending 6/18/23

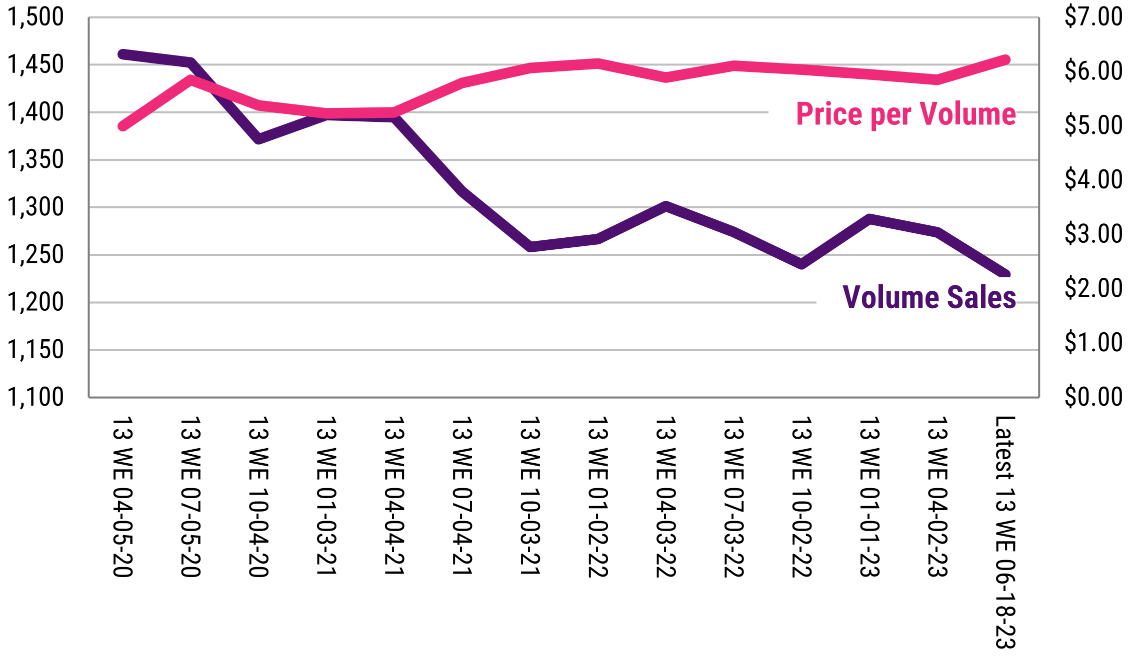
Prices remain high and volume is below early 2020 levels

Chicken volume is stabilizing while Beef continues its downward trend

Chicken:
Volume (in MM pounds) vs. Price Per Volume



Beef:
Volume (in MM pounds) vs. Price Per Volume

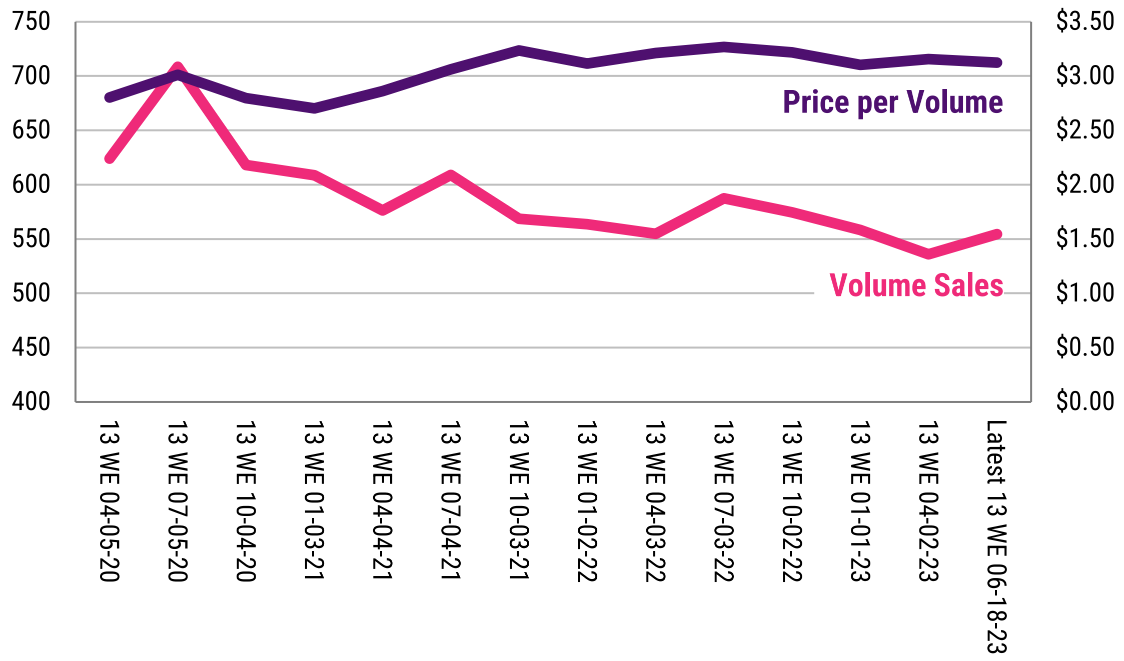


Circana Integrated Fresh MA Database – 1/1/2020 – 6/18/2023

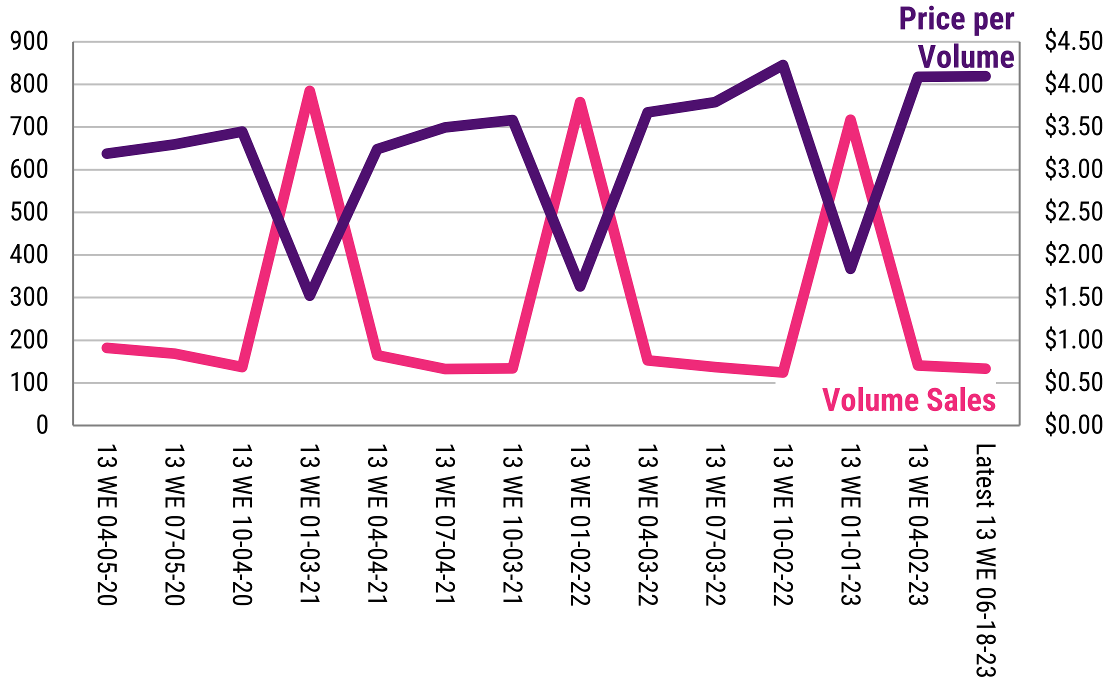
Pork follows a similar pattern with Beef

Inflation's impact on Turkey is softer but still visible with lower seasonal volume crests

Pork:
Volume (in MM pounds) vs. Price Per Volume



Turkey:
Volume (in MM pounds) vs. Price Per Volume



Circana Integrated Fresh MA Database – 1/1/2020 – 6/18/2023

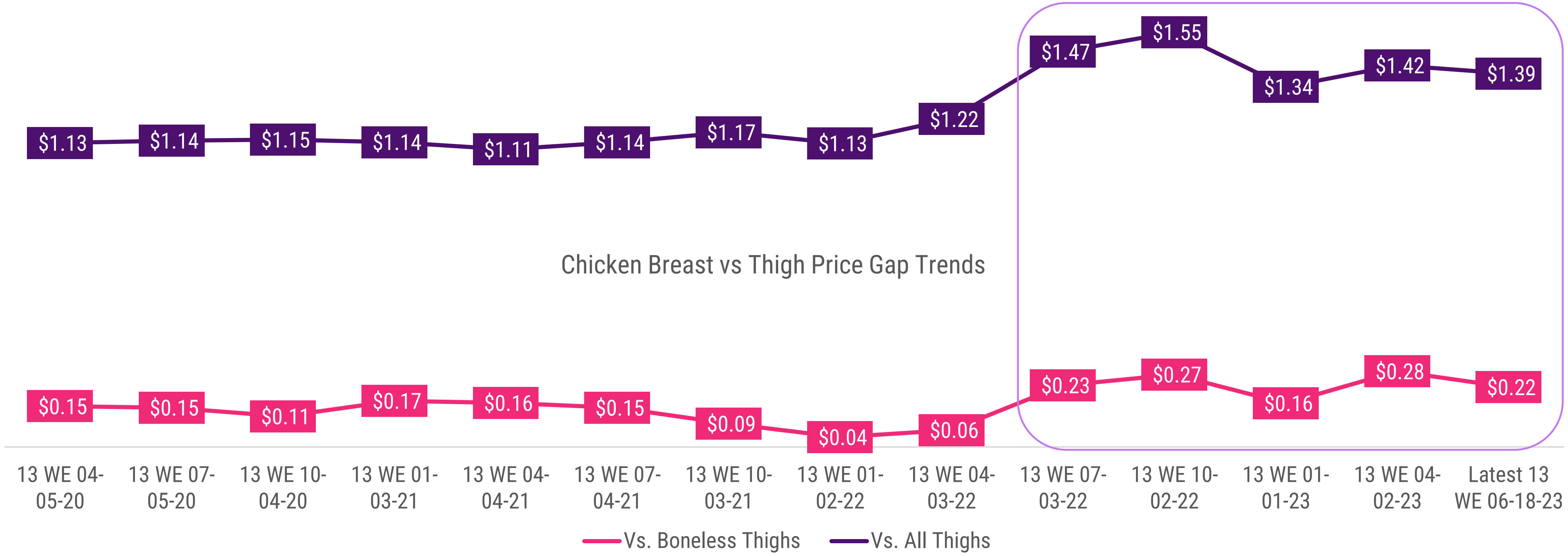
Thighs and Wings continue to power chicken sales overall and have been powering increases vs. 3YA

Major Chicken Cuts Dollar Sales	% Change vs. YA	% Change vs. 3YA
Total Chicken	10.8%	24.0%
Chicken Breast	11.6%	21.8%
Chicken Thighs	18.2%	42.7%
Chicken Wings	3.0%	38.2%
Chicken Legs	8.2%	9.1%
Whole Bird	2.0%	0.1%

Major Chicken Cuts Volume Sales	% Change vs. YA	% Change vs. 3YA
Total Chicken	0.2%	-4.1%
Chicken Breast	-1.6%	-6.3%
Chicken Thighs	5.4%	9.9%
Chicken Wings	5.1%	9.0%
Chicken Legs	0.4%	-9.9%
Whole Bird	-7.5%	-19.8%

Circana Integrated Fresh MA Database – Latest 52 Weeks Ending 6/18/23

Boneless or Bone-In, Thighs are cost competitive alternatives to Chicken Breast



Circana Integrated Fresh MA Database – 1/1/2020 – 6/18/2023

Organic Chicken sales struggled vs. YA; a further signal of the consumer's inflation fatigue and cost-sensitive response

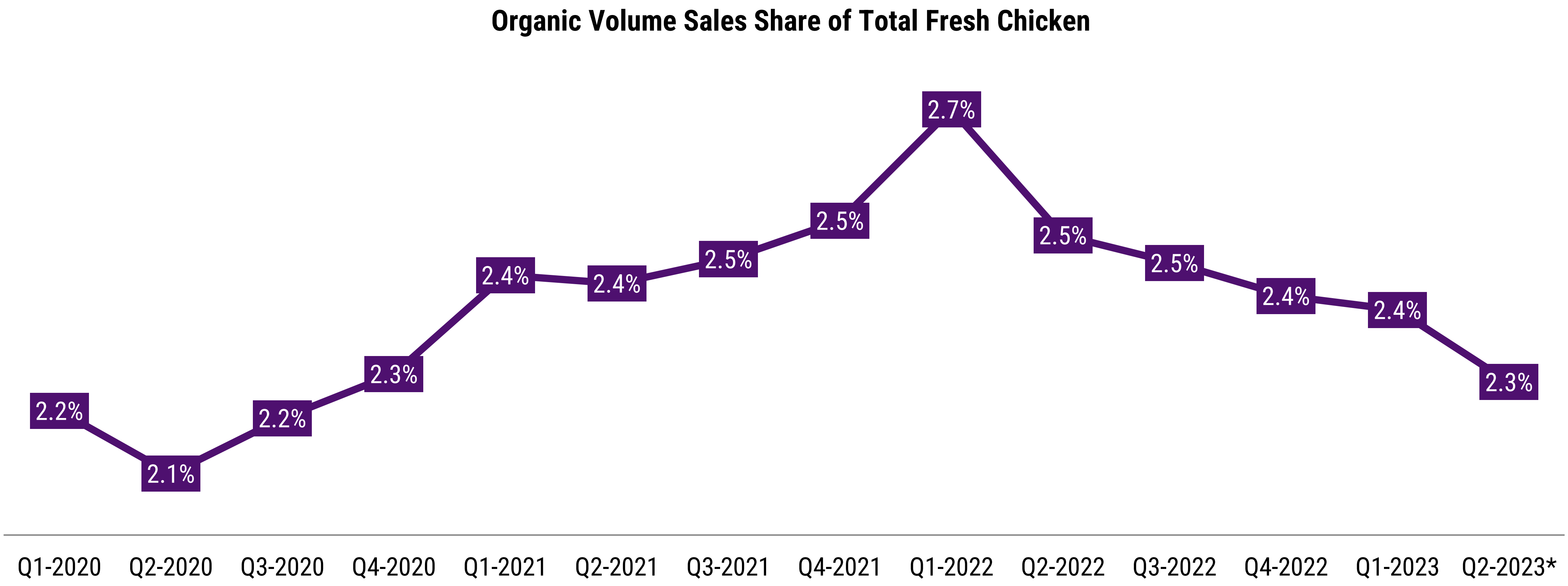
Note: Organic volume sales lead the pack vs. 3YA – long term trend

Organic Fresh Chicken Dollar Sales	% Change vs. YA	% Change vs. 3YA
Total Chicken	10.8%	24.3%
Chicken Organic	0.3%	24.5%
Chicken NAE	15.5%	28.1%
Chicken Conventional	10.8%	24.3%

Organic Fresh Chicken Volume Sales	% Change vs. YA	% Change vs. 3YA
Total Chicken	0.4%	-3.9%
Chicken Organic	-6.9%	6.8%
Chicken NAE	11.2%	5.7%
Chicken Conventional	-3.7%	-8.2%

Circana Combined MA Database – Latest 52 Weeks Ending 6/18/23

Organic share has been declining for 5 quarters in a row but is still above the 2020 base of ~2.2%

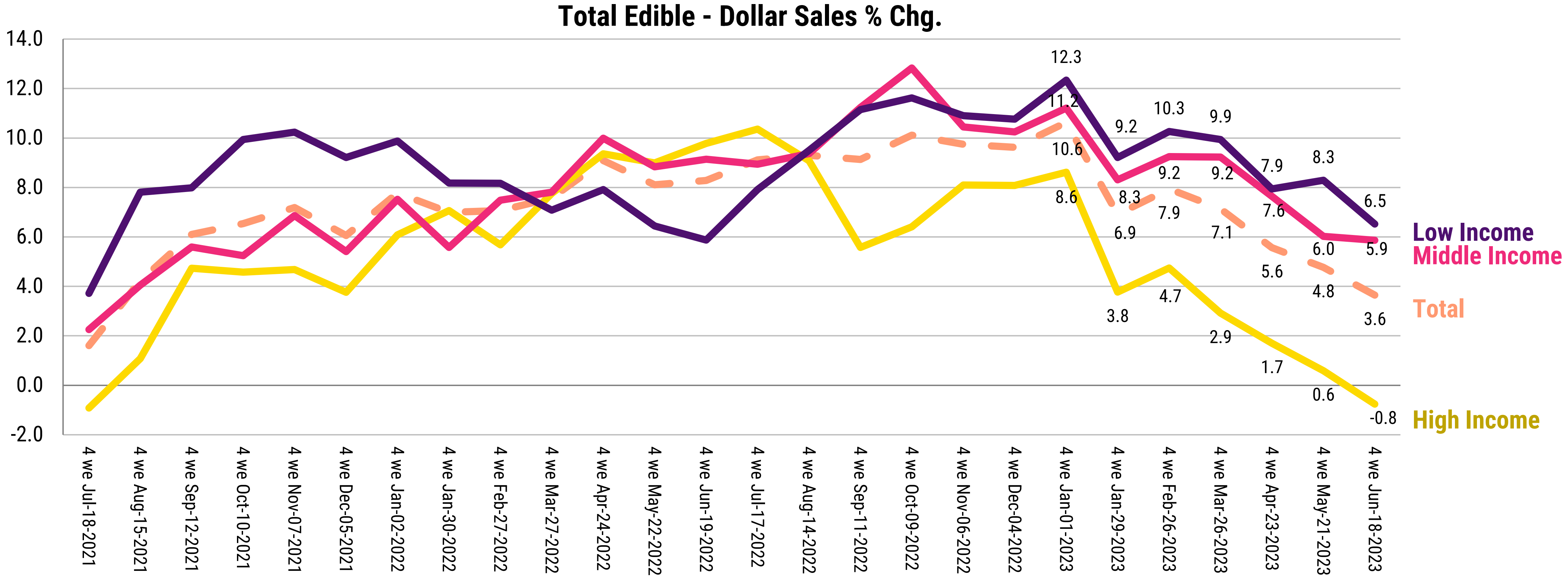


Circana Integrated Fresh MA Database – 1/1/2020 – 6/18/2023

03

The Cost Conscious Consumer

Since Fall 2022, Lower Income HHs have been leading Total Edible dollar growth

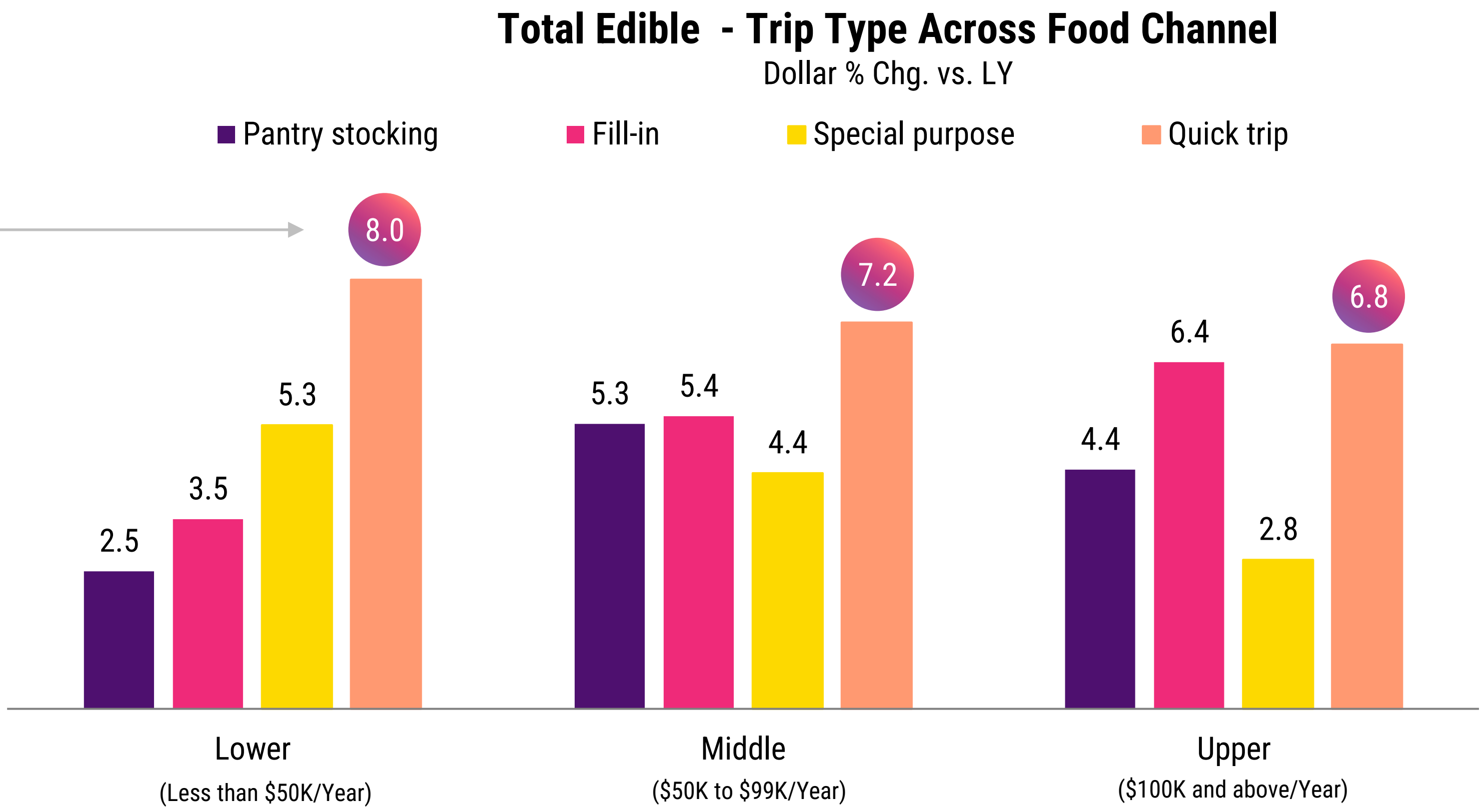


Source: Circana IF_PNL Geography: Total US - All Outlets NBD Adjustment: NBD_Dollars Measure: Dollar Sales

But ALL consumers are trying to find ways to see lower totals at the register

Quick Trips Seeing Largest Growth

- 1 - 5 items from one specific department
- Meets an immediate need
- Basket size of $20 or less

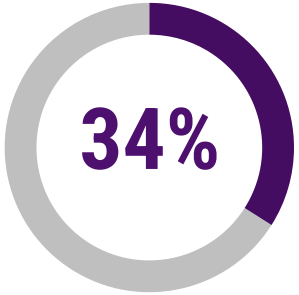


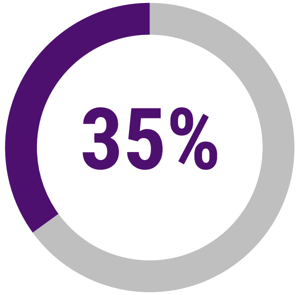
Source: Circana IF Panel ; Geography: Total US - Food Time: Latest 52 Weeks Ending Jun-18-2023 NBD; Adjustment: NBD_Dollars

Lower income HHs are also driving total meat dept growth

Meat Dept
$ Sales Growth
+1.7%

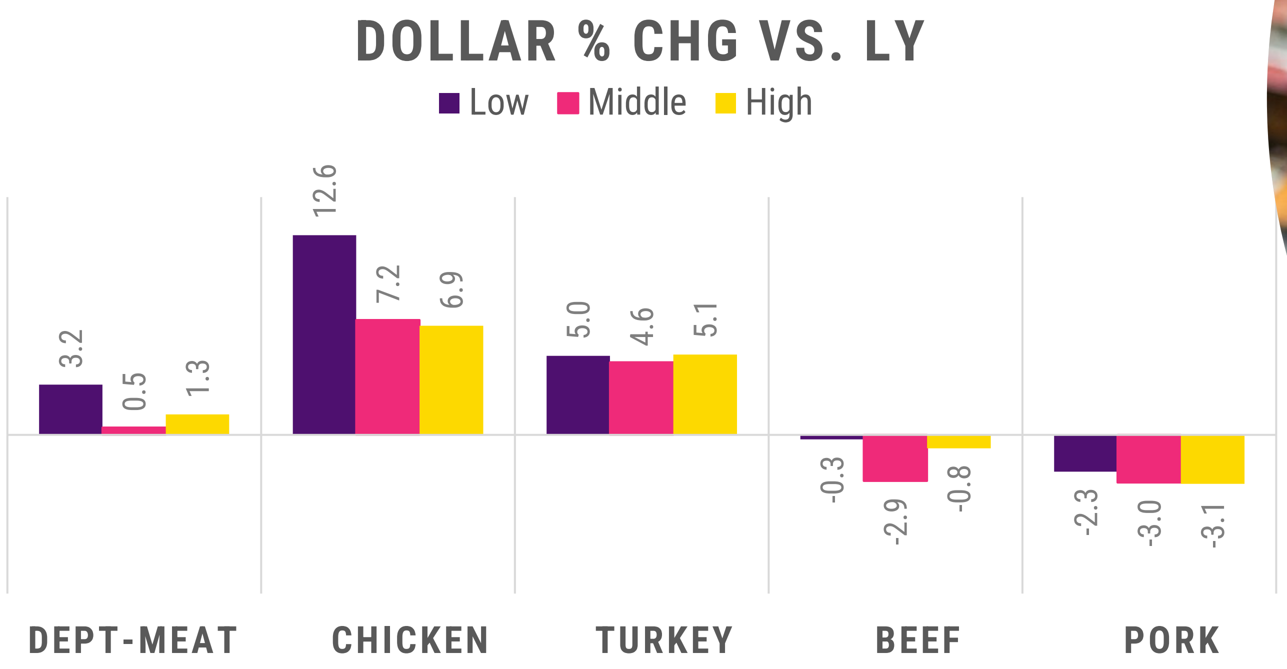
	Low Income HHs	Middle Income HHs	High Income HHs
$ Sales Growth	+3.2%	+0.5%	+1.3%
Share of Total Meat Dept Sales	34%	31%	35%





Circana IF Panel; Geography: Total US - All Outlets Time: Latest 52 Weeks Ending Jun-18-2023 NBD; Adjustment: NBD_Dollars

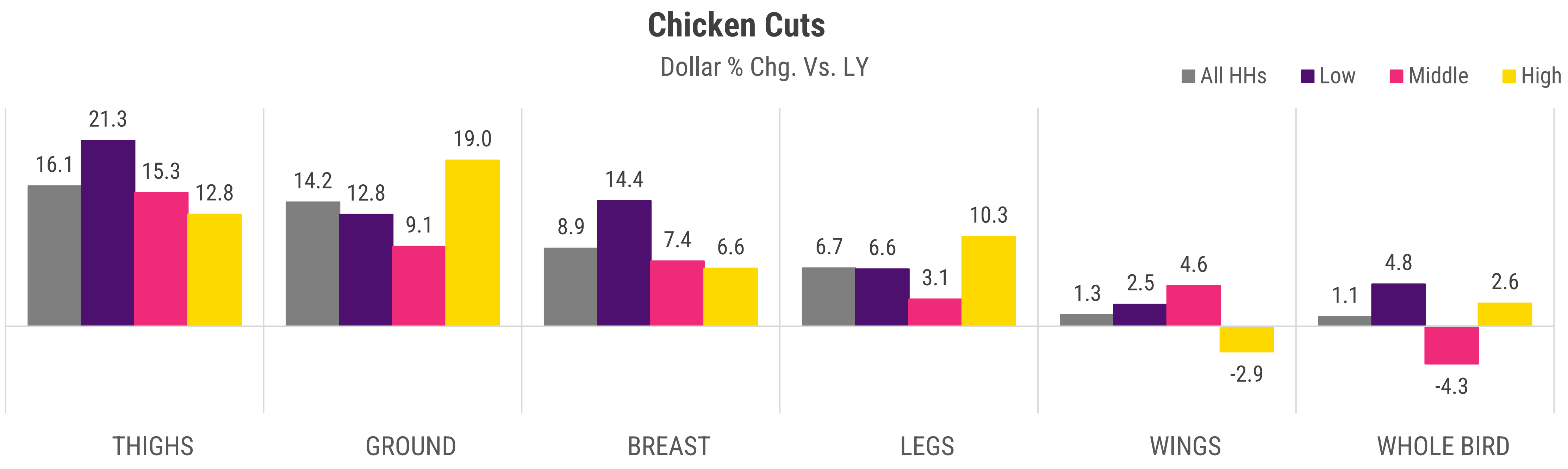
Fresh Chicken - where Lower Income HHs are spending more.



Source: Circana IF Panel; Geography: Total US - All Outlets Time: Latest 52 Weeks Ending Jun-18-2023
NBD Adjustment: NBD_Dollars ; Ranked based on Total category Dollar sales growth (All Income Levels)

Income levels spending increases are being seen across more then just traditional chicken breasts.

Thighs & Ground seeing the largest dollar growth.



	THIGHS	GROUND	BREAST	LEGS	WINGS	WHOLE BIRD
$ Share of Total Fresh Chicken*	15.5%	1.6%	56.7%	7.3%	10.2%	5.0%

Source: Circana IF Panel; Geography: Total US - All Outlets Time: Latest 52 Weeks Ending Jun-18-2023 NBD Adjustment: NBD_Dollars
Ranked based on Total category Dollar sales growth (All Income Levels)
**3.6% share belongs to All Other Chicken cuts*

Chicken wings, thighs and grounds

Driving more HHs to buy, higher repeat rates and more trips.

% Household Buying
Wings and Thighs

Repeat Rate
Thighs and Ground

Trips
Thighs and Ground

Source: Circana IF Panel; Geography: Total US - All Outlets Time: Latest 52 Weeks Ending Jun-18-2023 NBD Adjustment: NBD_Dollars

04 The Consumer Speaks

Who is the “cost conscious consumer?”

Nearly everyone – 95% say price is more or as important vs last year when buying fresh chicken

- 69% say overall price is more important vs last year

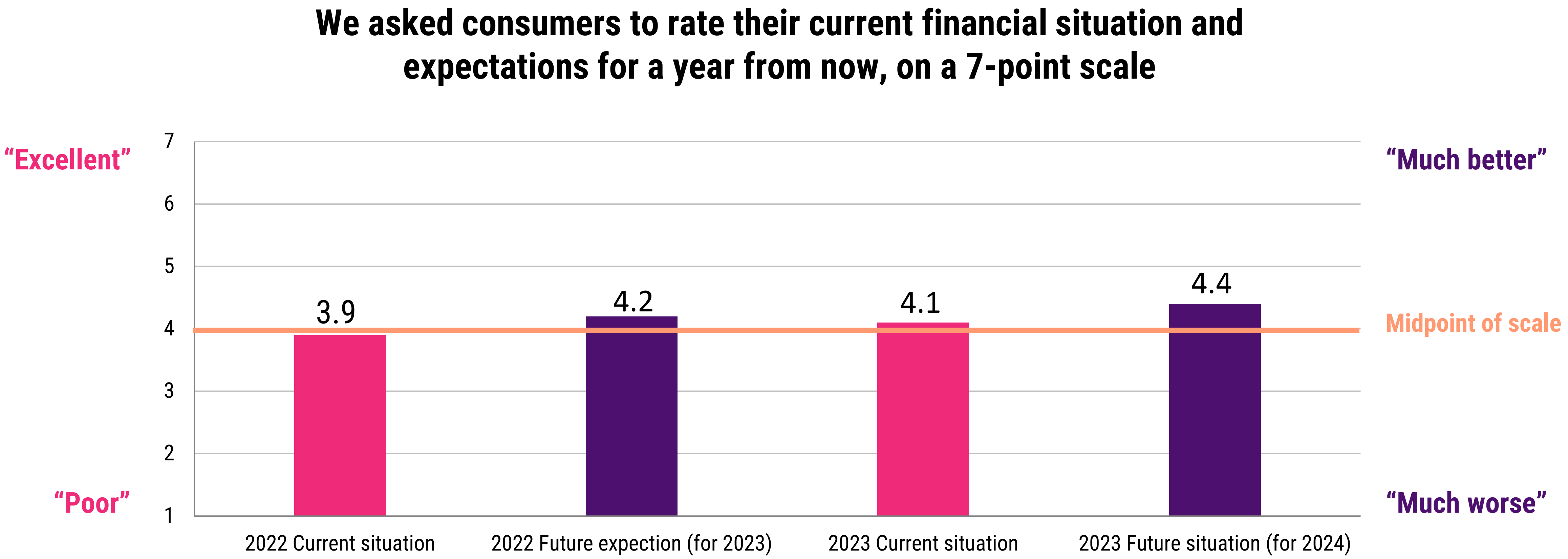
- Overall price is more important to those who prepare fewer meals from scratch compared to those who prepare more, middle income ($50k-$99k)

- Price per pound is most important for low income (less than 50K)

- Why? Most cited value of chicken with rising prices
  Millennials & Gen X cited attributes with “fresh” and “healthy”

Thinking about purchasing fresh chicken, which of the following have become more important to you now vs. last year?

Future expectations: Consumers expect some improvement (again)

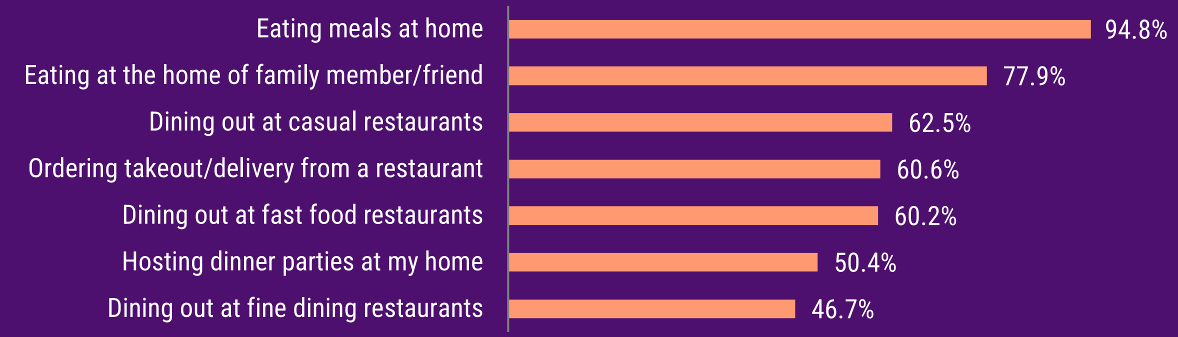


How would you best describe your current financial situation? Scale: 1=poor, 7=excellent
Thinking about your expectations for your financial situation 1 year from now, do you expect it to be better, worse or about the same? (7 point scale)

Eating at home will continue

Thinking about the next 6 months, do you anticipate participating in these activities more or less than in the past 6 months?

More or the same amount than last 6 months



95% of total will eat at home more or the same as past 6 months

Nearly 50% across all generations say they will eat at home MORE, except Boomers (41%), and HH w/out children (40%), HHI >100k (33%)

Younger Millennials, Gen Z plan more takeout/delivery, so do **HH w children**

Thinking about the next 6 months, do you anticipate participating in these activities more or less than in the past 6 months?

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Price, value remain important in purchase decision

Organic, ABF even more important to Millennials when purchasing chicken

	Gen Z*	Millennials	Generation X	Boomers	Seniors/Retirees
Price per pound	▲	▲	▲	▲	▲
Overall price	▲	▲	▲	▲	▲
Value-size / family pack	▲	▲	▲	▼	▼
Organic / Free-range	▲	▲ +10 pts	▼	▼	▼
Brand name	▼	▼	▼	▼	▼
ABF	▲	▲ +10 pts	▲	▼	▼
Frozen	▲	▼	▼	▼	▼

*Gen Z is small sample

Thinking about purchasing fresh chicken, which of the following have become more important to you now vs last year?

Millennials, Gen Z are “organic natives”

- **Millennials, Gen Z have grown up with organics,** not a matter of adopting these products.
- More likely to **say they buy organic “all the time.”**
- **Willing to trade down in other areas** to pay more for organic.
- **Produce, eggs** are the most commonly purchased organic.
- **Organic chicken share has taken a hit from inflation** but the long-term trend is likely positive.

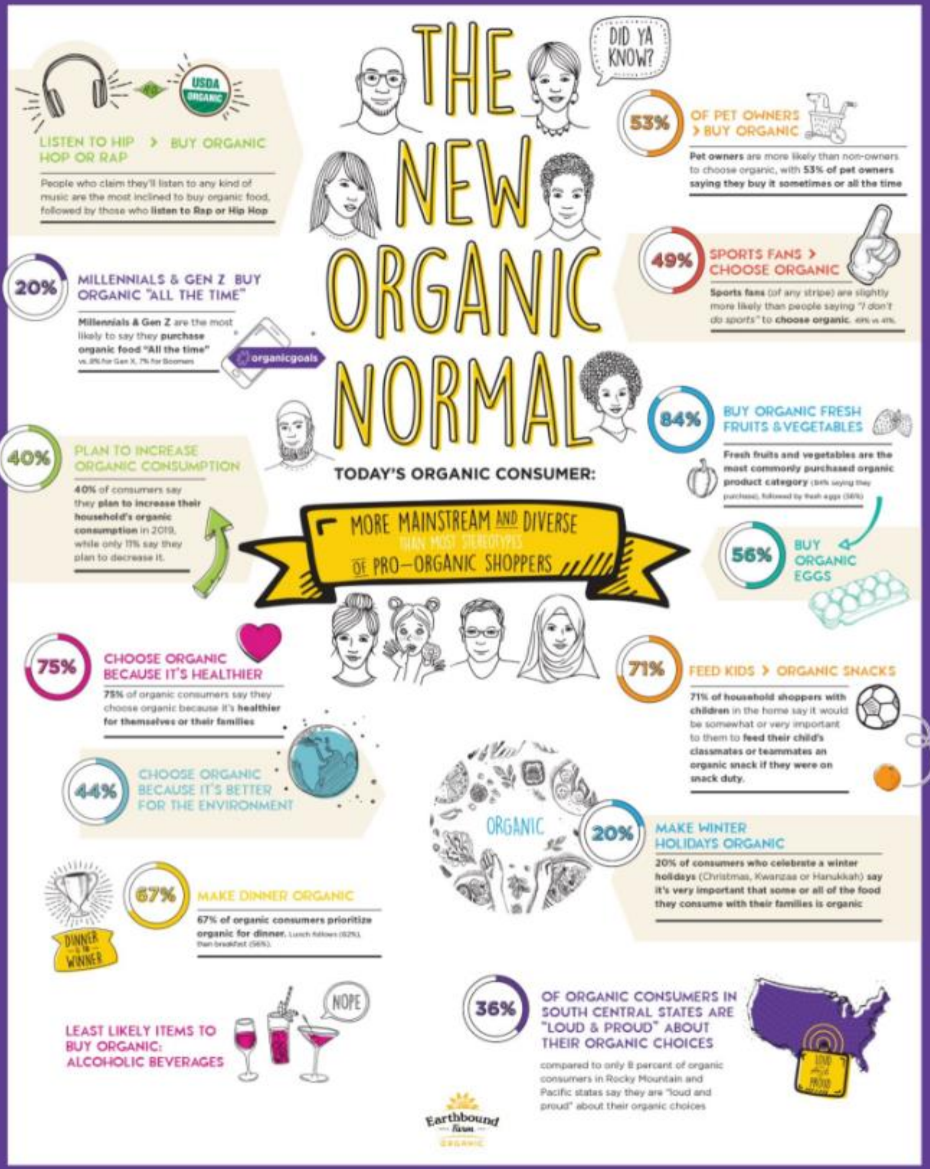


Image source: https://www.earthboundfarm.com/wp-content/uploads/2019/02/organic-survey-results2.pdf

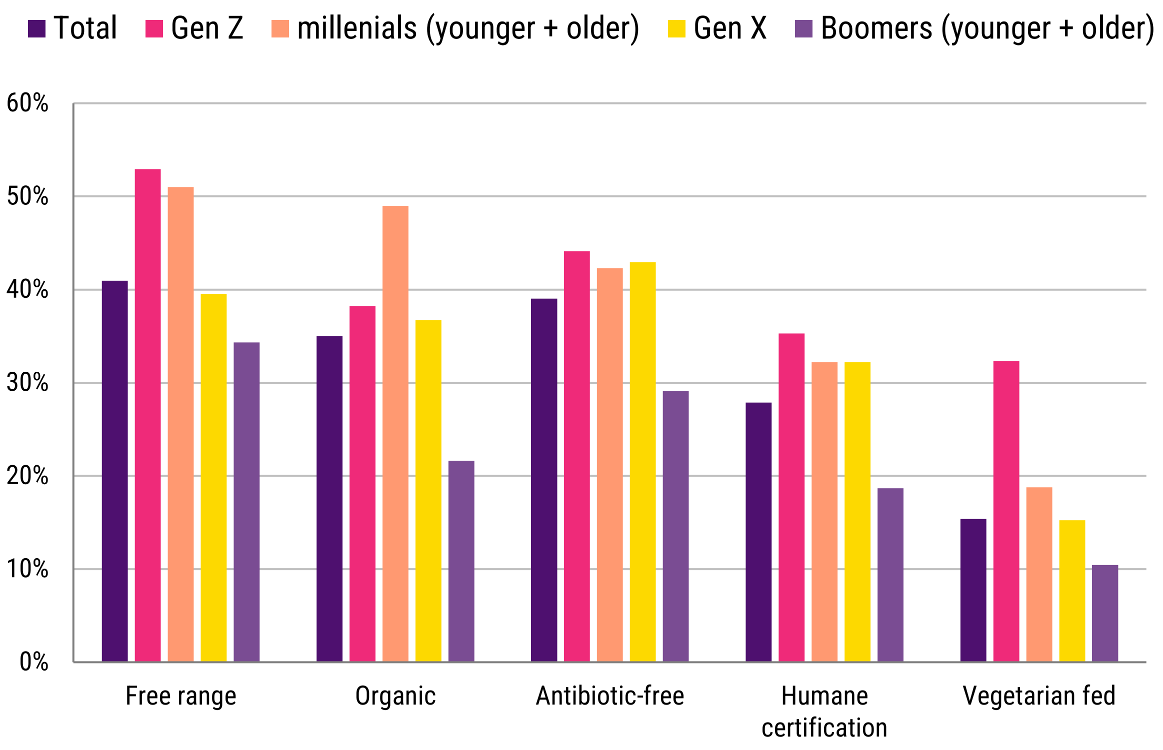
When it comes to defining "premium chicken," younger consumers are not their parents…

Consider Fresh Chicken Premium Fresh Chicken	Millennials	Boomers
ABF	59%	43%
Free range	59%	43%
Organic	47%	30%
Brand reputation	**42%**	**62%**
Veg fed	26%	13%
Humane certification	27%	19%

Which of the following features makes you consider fresh chicken premium fresh chicken?

Organic natives

Millennials, Gen Z say they will pay more for organic, free range and other premium claims aligned with their values



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Chicken is the choice in meals from scratch

Percentage of average number of meals prepared per week that include proteins

Meals per wk	Chicken	Gr beef	Eggs	Pork	Other beef	Fish / other seafood	Turkey	Tofu / plant
1-5	36%	19%	15%	9%	6%	9%	6%	0%
6-9	30%	16%	17%	8%	8%	13%	6%	2%
10-14	27%	16%	19%	10%	10%	10%	4%	2%
15-20	25%	13%	18%	8%	9%	13%	11%	4%
All	26%	12%	17%	10%	8%	12%	5%	10%

Regardless of how many meals are prepared in a typical week, more of them include fresh chicken than other proteins

U1. Thinking about all the meals you prepare each week, roughly how many meals a week do you prepare from scratch/with fresh ingredients – including breakfast, lunch, and dinner?

Share of meals per week: Gen X, Millennials more likely to include chicken in more meals.

Percentage of average number of meals prepared per week that include fresh chicken

Meals per wk	Total sample	Gen Z	Millennials	Gen X	Boomers
1-5	36%	**41%**	36%	35%	33%
6-9	30%	29%	**33%**	**32%**	24%
10-14	27%	26%	**28%**	**30%**	24%
15-20	25%	20%	**26%**	**28%**	23%
All	26%	18%	26%	26%	**30%**

78% of Millennials say chicken is their favorite in a home-cooked meal

U1. Thinking about all the meals you prepare each week, roughly how many meals a week do you prepare from scratch/with fresh ingredients – including breakfast, lunch, and dinner?
U5. Would you say chicken is your favorite protein to eat in a home-cooked meal?

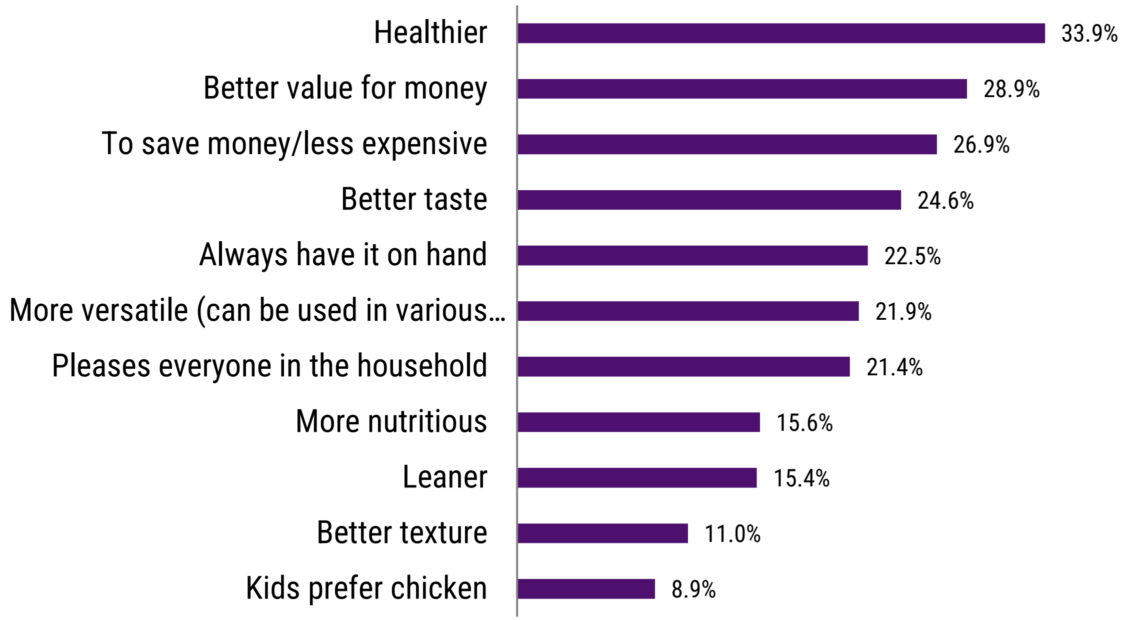
Substituting chicken because it's healthier and better value

- 43% have substituted chicken for ground beef
  - More than half who prepare 15+ meals
  - HH income < 25k & 70-99k say better value, less expensive;

- More than 1/3 have substituted chicken for pork

- HHI >100k swap chicken for turkey, pork; say its healthier

Healthier, better value are top reasons for substituting
Total sample



Thinking about dishes/recipes you've prepared using various types of proteins, which of the following types of proteins do you frequently substitute with fresh chicken? Why have you substituted fresh chicken for ...?

Increase share of meals

Motivators to cook more chicken

When asked what would make them look forward to preparing more meals with fresh chicken:

- **Easy, delicious, healthy** top reasons to cook with fresh chicken

When asked what would make them look forward to preparing more meals with fresh chicken

- **Cost ("less expensive")** named by 6 of 10; 7 of 10 among HHI **<$49**
- **New recipe ideas, higher quality meat (claims), cuts/portions to not handle raw meat**

U6A. What are the reasons you prepare fresh chicken for a [meal]?
U10. What would make you look forward to preparing more meals with fresh chicken?

While chicken checks more boxes, it's being challenged for taste, health and sustainability

	Chicken	Ground beef	Other beef	Pork	Turkey	Fish/seafood	Plant-based /blends
Easy to prepare	✓	✓				✓	
More versatile	✓	✓					
Available in antibiotic free	✓						✓
Better value than others	✓						
Tastes better than others	✓	✓	✓			✓	
Healthier than others	✓				✓	✓	
Better source of protein	✓						✓
Available free-range/grass-fed/organic	✓						
More sustainable /environmentally friendly							✓
Total	8	3	1	0	1	3	3

Which of the following meat/protein types have you purchased in the past 6 months?
How well do the following attributes describe…?

Loyalty of cost-conscious consumer

01

Low income HHs are spending more on fresh chicken, especially thighs and wings.

02

Organic natives will trade off in other purchases to pay more for claims that align with their values.

03

Health is more than nutrition – happiness, low-stress meal prep, “comfort food”

04

Millennials are increasing their **buying power**

05

Generational Wealth Shift

The year 2030 marks a turning point for the U.S. population

HALF of All Americans will be Millennials, Gen Z & Younger

These shoppers have lived in a world with the **internet, online shopping, smart phones and Mass / Supercenters and Club stores selling fresh groceries** –

They are multi-cultural, diverse and much more open to new solutions.

Future-proof your fresh.

Source: 2030 population projection from www.census.gov

Younger consumers are not their parents…

	Millennials	Boomers
Beef	84	112
Chicken	106	93
Pork	77	118
Turkey	84	109

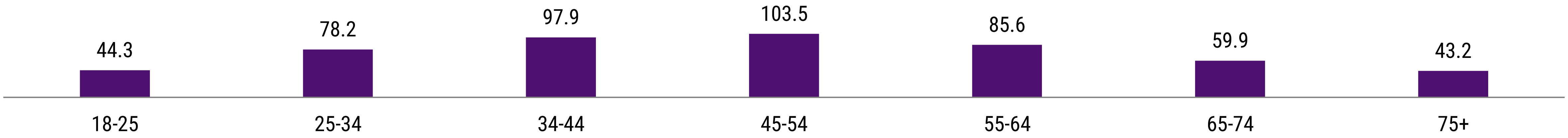
Source: Circana NCP all Outlet data, Latest 52 Weeks Ending Jun-18-2023

Millennials continue to advance their careers & improve their HH income as the opposite holds true for Boomers

This presents an opportunity for future Chicken sales

Millennials	Baby Boomers
Ages 26 to 41	Ages 58 to 76
Advancing to more senior positions	Exiting work force
Income will continue to increase	Income will continuously decrease
Chicken consumption index **(106)** is greater than Beef's (84) and Pork's (77)	Chicken consumption index **(93)** trails than Beef's (112) and Pork's (118)

HH Income After Taxes (in $MM)



Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics, September 2022

06

Wrap Up and Q & A

Questions & Answers

Thank you

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