Sustainability's Role in Evolving Consumer Preferences in Protein

June 20, 2023, at 2:00 PM ET

NAMI NORTH AMERICAN MEAT INSTITUTE | Protein PACT For the People, Animals & Climate of Tomorrow | Corbion

Corbion

Today's speakers:

Jonna Parker
Circina
Fresh Foods Team Lead

Megan Passman
Corbion
Global Insights Manager

Circana.

Headwinds and Surprising Wins In Protein

Produced in partnership with:

Corbion and NAMI

June 2023

86%

The rising cost of food, household necessities, and life stage shifts are keeping ***share of meals sourced from retail*** elevated versus pre-pandemic times.

- Sources: Circana NET and CREST as of Mar 2023

Total Food/Bev ***Spending*** has Tipped Back Towards Foodservice in Q1 2023

60%

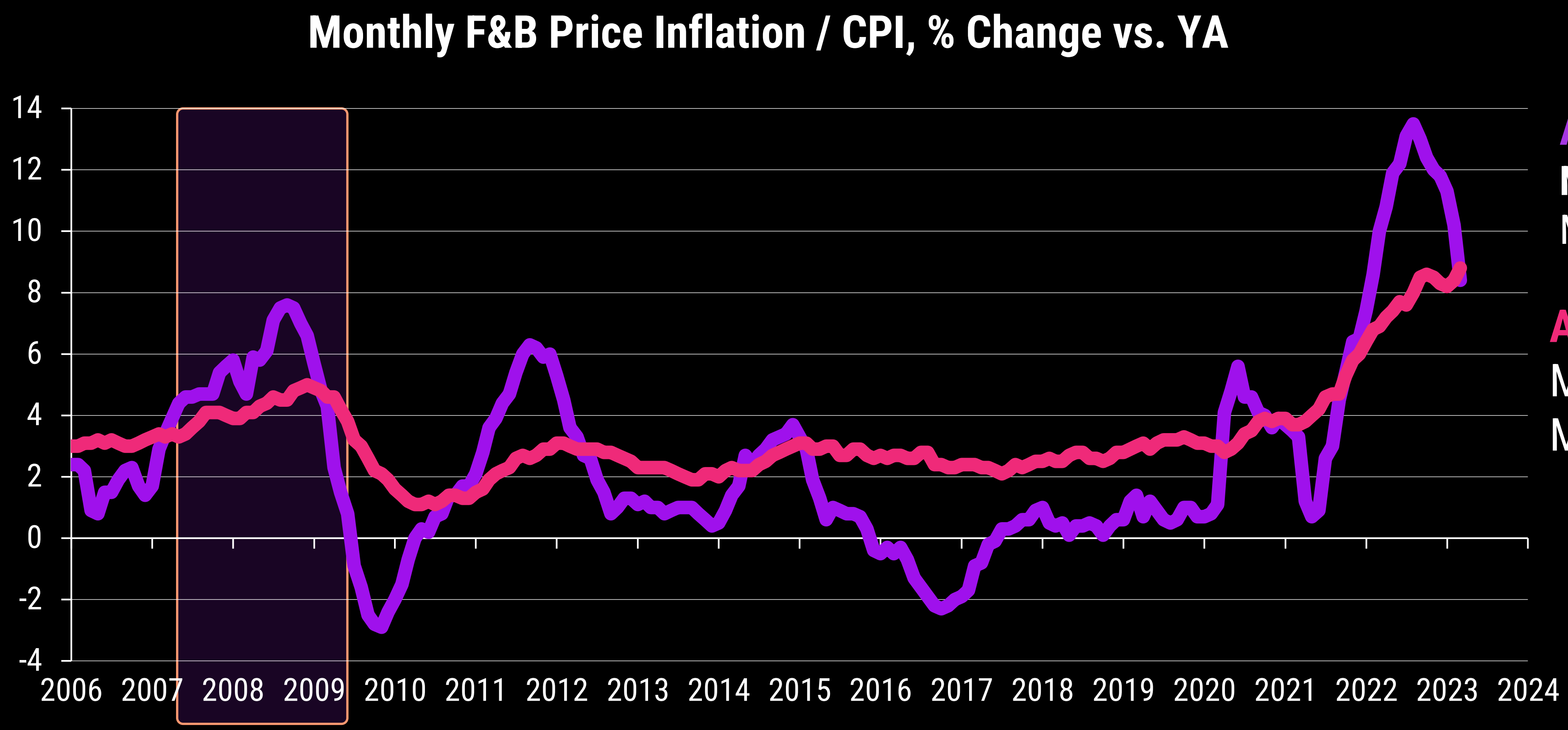
at Retail
(At Home)

40% **(+2.5 pts since 2022)**

at Foodservice
(Away from Home)

Source: Circana POS and consumer data Q1 2023.

Incremental At-Home Food Inflation Begins to Revert



At-Home

Mar '23 vs. YA: 8.4%

Mar '23 vs. Feb '23: -0.3%

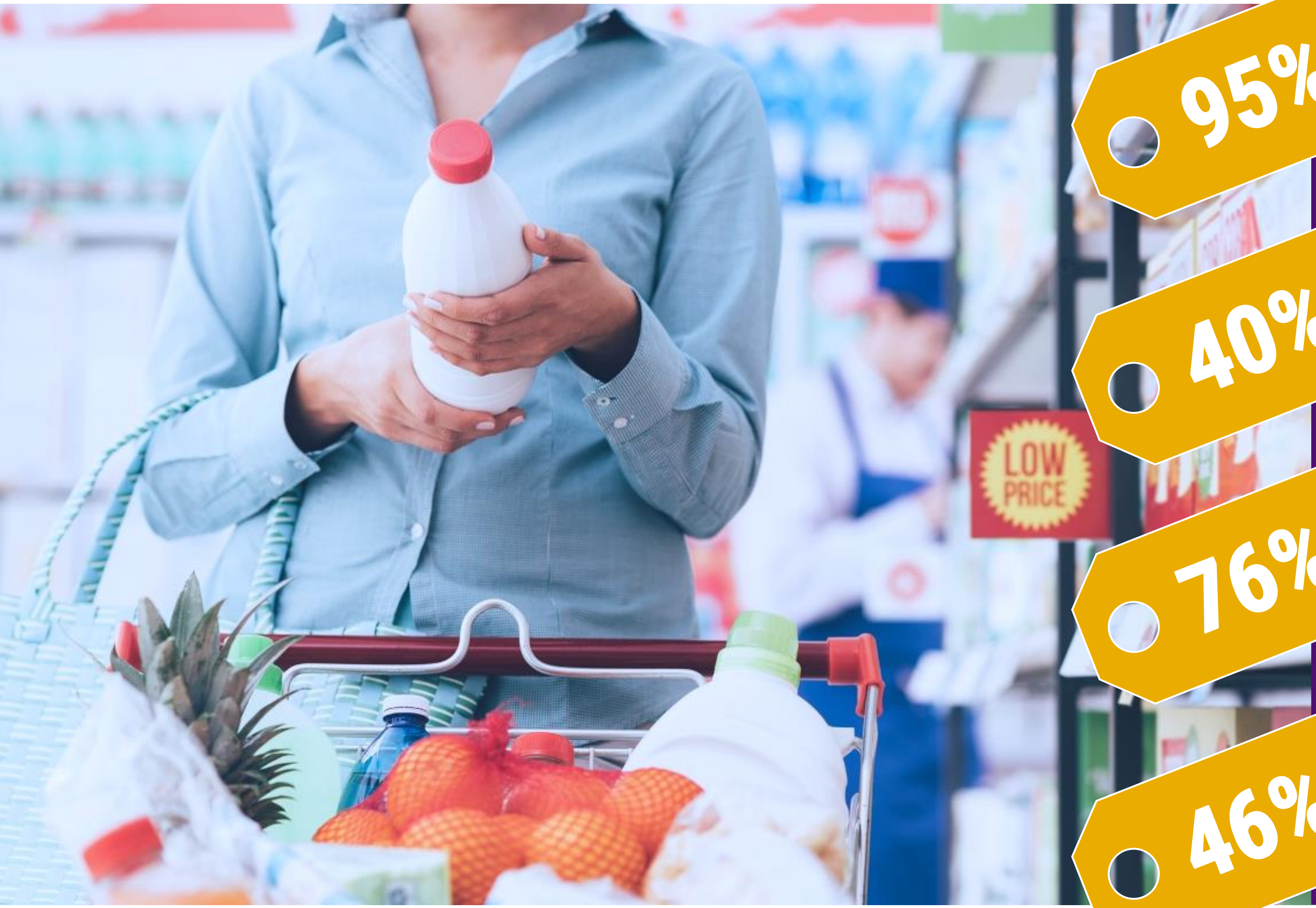
Away-From-Home

Mar '23 vs. YA: 8.8%

Mar '23 vs. Feb '23: +0.6%

Source: BLS data ending March 2023.

As Grocery Retail Food Inflation Continues to Concern, Shoppers Hyper-Aware of What They Buy and How Much It Will Be Used



95% — The % of April shoppers who are **concerned** about food cost **inflation, 2**% higher than February results and 1% higher than March results

40% — The % of shoppers more conscious of **using up fresh foods before they go bad**.

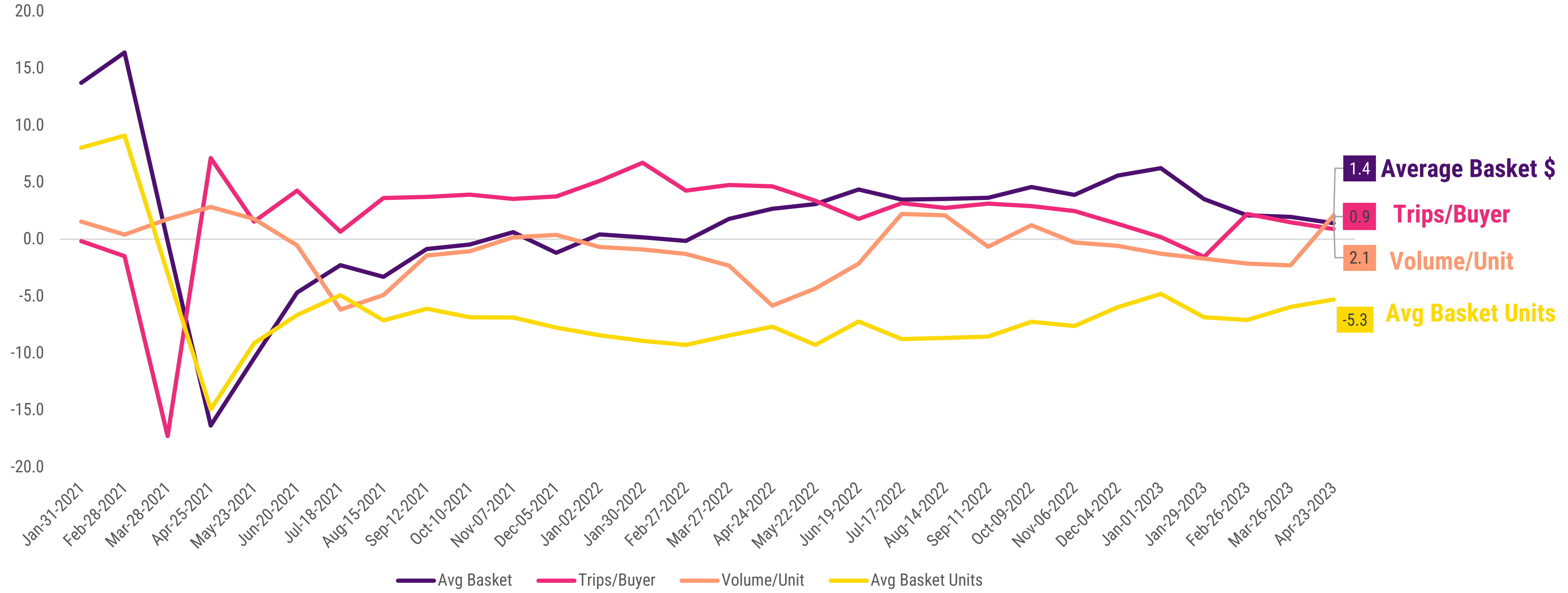
76% — The % of shoppers who have noticed “shrinkflation” and say it has impacted their shopping behavior. **25% decided not to buy** a product due to size/price value equation

46% — The % of shoppers who reported focusing on specific **pre-planned items** when grocery shopping. Stock-up sized trips down across departments- **Produce and Deli** seeing +2pts share increase from **quick trips**

Sources: Circana Shopper Survey April 2023
Circana Scan Panel, Integrated Fresh by trip mission, 4 weeks ending 4-23-23

April Baskets and Trips Continued to Outpace Prior Year—With Volume Back Increasing. However, the Number of Items or Units Per Trip Continues to Erode

Total Food and Beverages Buyer Behavior Food-at-Home (Retail) All Outlets vs Prior Year



Source: Circana Integrated Fresh Panel, Change vs Prior Year Shown, data ending 4-23-2023

Shoppers Continue to **Split 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

Total **Fresh Foods** Combined | Dollar Sales and Share of All Outlets/Channels

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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.

Prices Are Up +11.3% Across Retail Total Food & Beverages including Fresh Convenience and Quality Still Drive Sales—Meat & Produce Lapping Q1 2022 Inflation Lifts

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

Fresh Foods Departments

Dollars | Units or Volume* | Fresh Department

General Food

+9.7% | -3.8%

Beverages

+11.5% | -2.2%

RFG / Dairy

+12.8% | -3.5%*

Meat

-0.8% | -2.7%

Frozen

+6.5% | -5.3%*

Produce

+1.2% | -1.0%

Deli & Prep Foods

+6.1% | -2.6%*

Bakery

+10.4% | -3.0%*

Adult Beverages

-0.2% | -3.8%

Seafood

-0.3% | -0.8%

*Source: IRI Integrated Fresh Market Advantage, MULO, YTD WKE 4-23-23, *Units used when volume is not equivalized at the department level.*

All Types of Fresh Make the Top Dollar Growth List So Far in 2023—Inflation Driving Staples, but Convenience Driving Flat to Slight Volume Growth

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

Abs $ Sales Change vs. YA

Volume or Unit* Sales % Change vs. YA

	Abs $ Sales Change vs. YA	Volume or Unit* Sales % Change vs. YA
Chicken	$349.6M	-0.1%
Center Store Bread	$277.2M	-3.9%
Center Store Buns & Rolls	$177.8M	-3.5%
Deli Prepared Meats	$161.9M	+0.4%*
Fresh Potatoes	$147.7M	-4.8%
Perimeter Cakes	$141.1M	-6.2%*
Deli Entrees	$125.9M	+0.9%*
Deli Sandwiches	$112.9M	-0.3%*
Perimeter Cookies	$96.3M	-1.8%
Perimeter Donuts	$94.5M	+5.7%
Deli Salads	$88.8M	-3.6%
Packaged Lunch Meat	$85.1M	-8.4%
Fresh Lettuce	$83.1M	-0.7%
Deli Specialty Cheese	$81.4M	-2.7%
Deli Grab&Go Lunchmeat	$75.5M	-4.2%

Categories where volume (unit or pound) is flat or increasing

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Source: Circana Integrated Fresh, MULO, 2023 ending 5-07-23, note Units used when volume is not equivalized at the department level. Beverages, Meat, Produce and Seafood are in volume

Shoppers Are Looking to Save Money on Food, But While They Intend to Purchase Less, The Shifts Are Not Dramatic

Consumer perceptions are that Meat prices have gone up dramatically, but the reality looks quite different

91%

of Shoppers Say The Cost of Groceries is Higher Than YA

(86% of Gen Z/ Younger Millennials)

24%

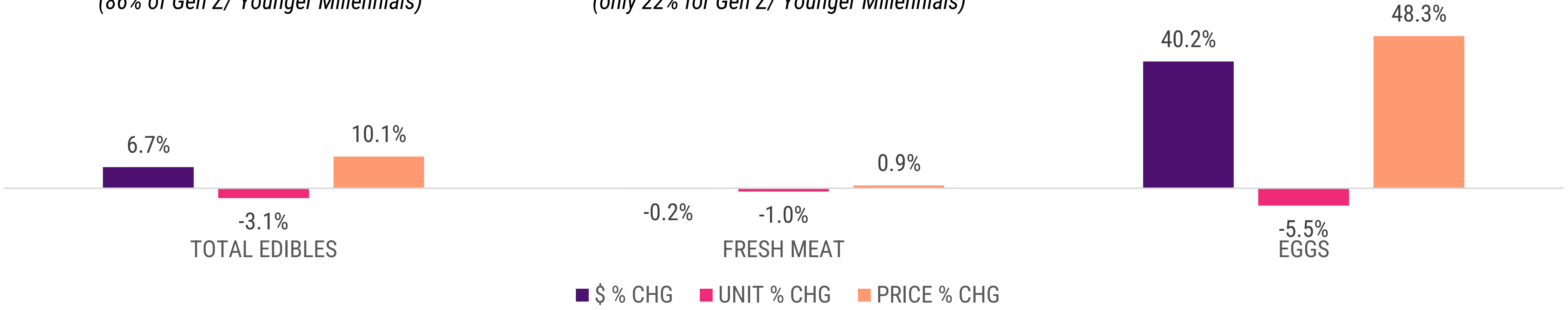
Said that they are buying less Meat & Poultry

(only 22% for Gen Z/ Younger Millennials)

25%

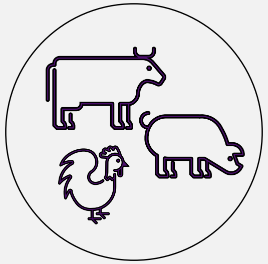
Said that they are buying fewer Eggs

(only 13% for Gen Z/ Younger Millennials)



Source: Circana Integrated Fresh Market Advantage, MULO, YTD ending 5-21-23

However, This Concern Over Spend has Left All Proteins with a Growth Struggle – Each Month Bringing Fresh Meat Relatively Flat Performance

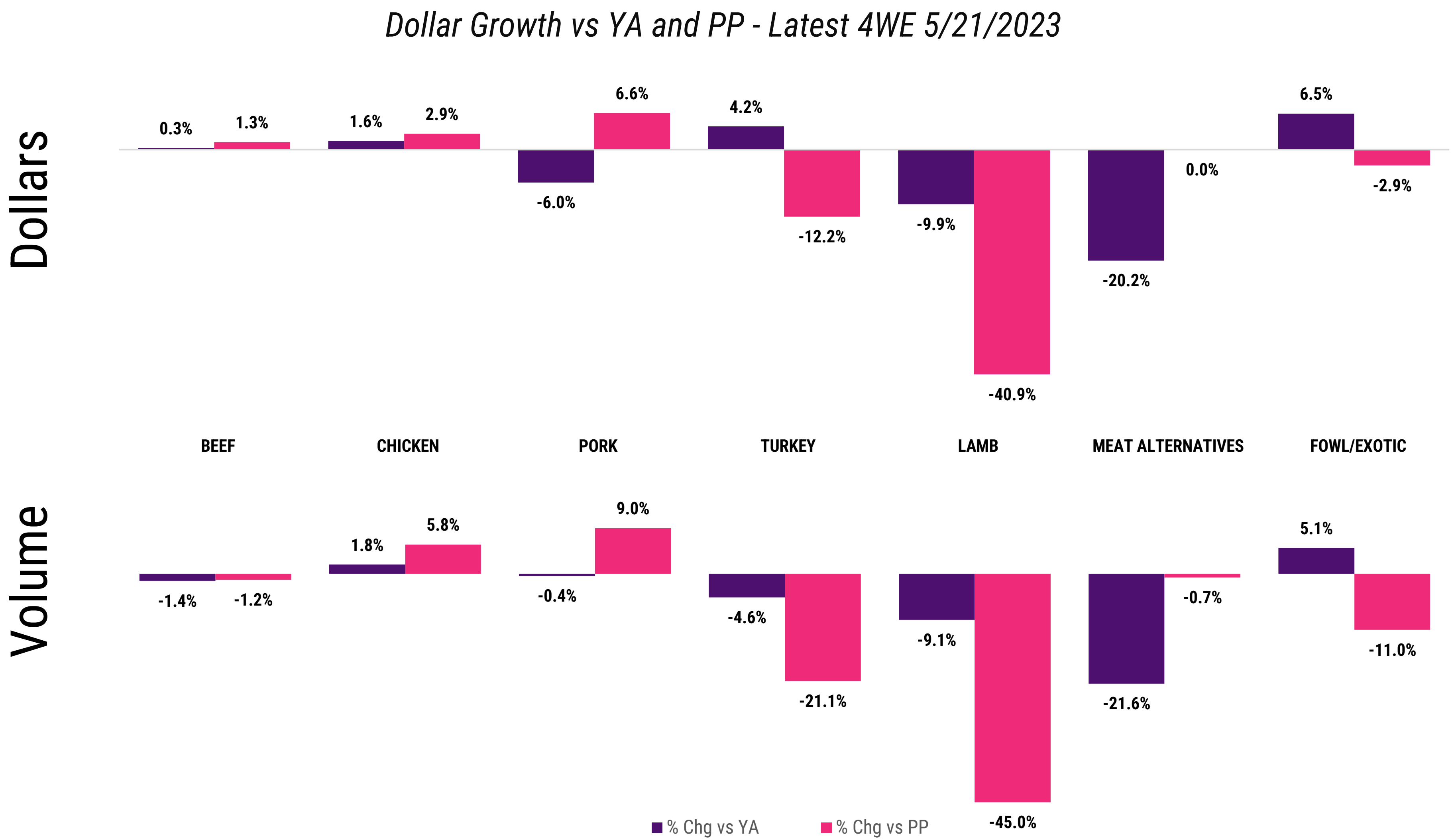


FRESH MEAT

$4.2B

$ % Chg vs YA: -0.3%

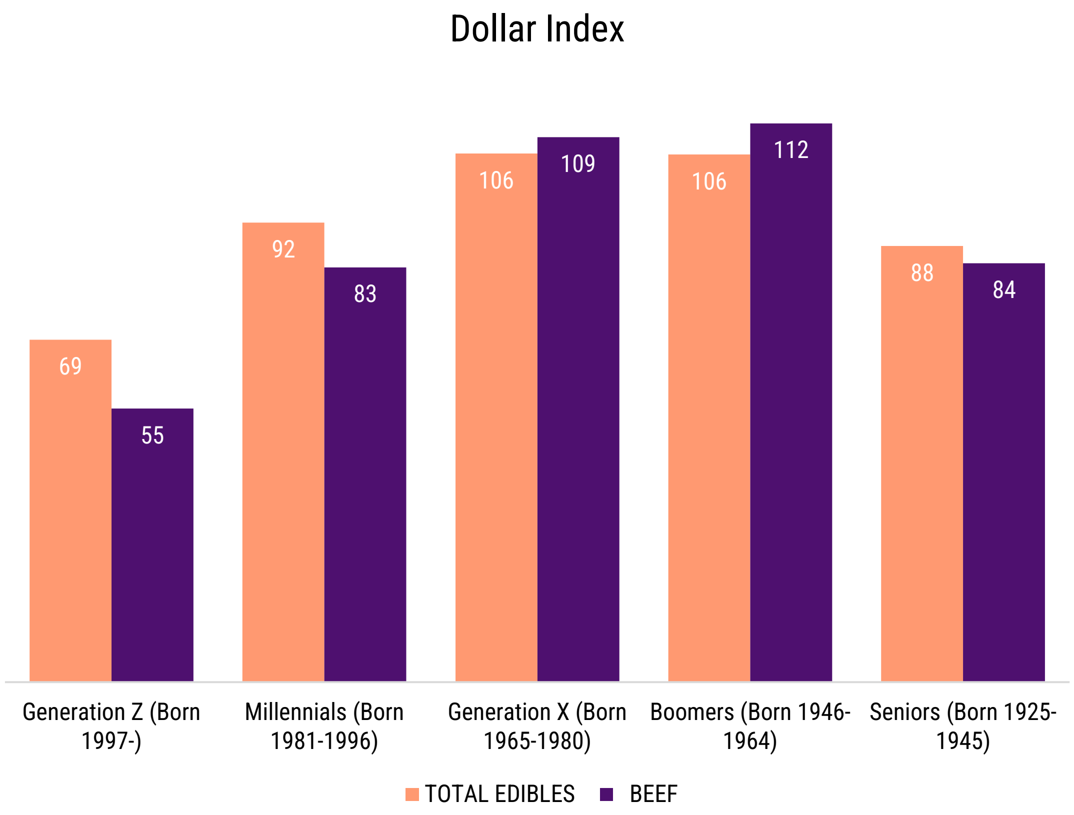
$ % Chg vs PP: 1.2%

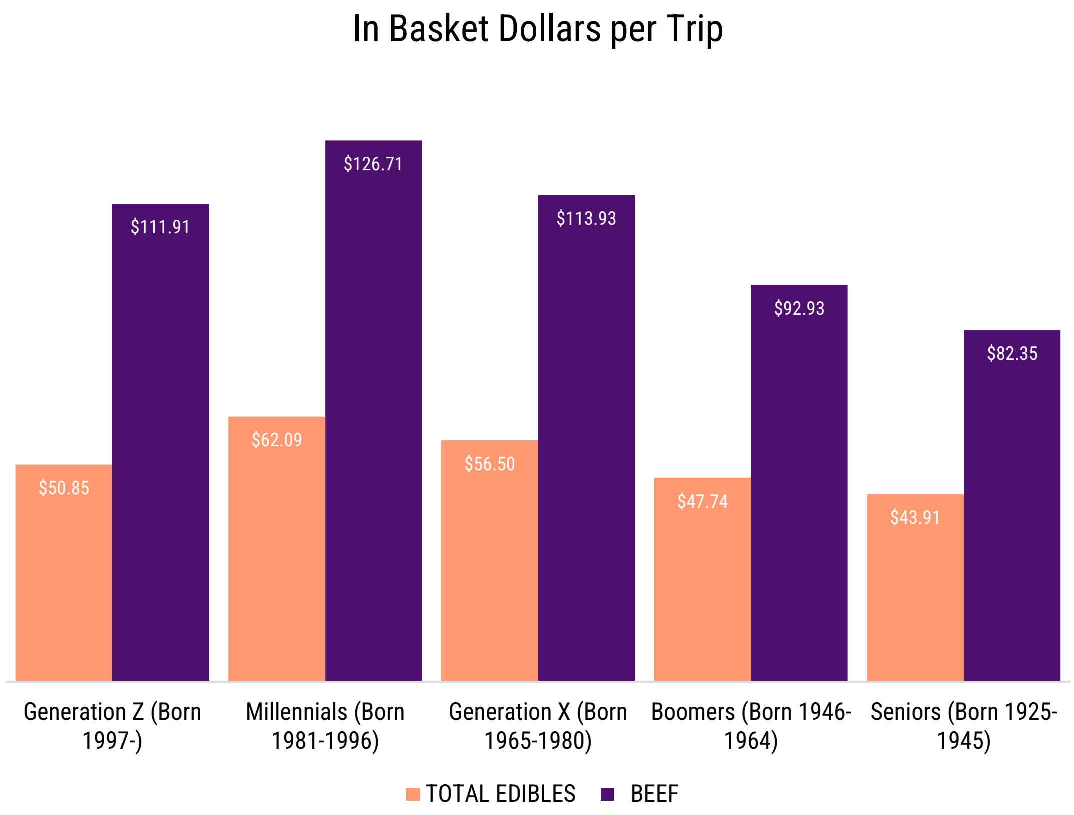


Source: Circana Integrated Fresh, MULO, Latest 4 Weeks Ending 5/21/2023

Looking Generationally, Fresh Beef is an Example of Meat Not Bringing in Younger Generations the Way Boomers and Gen X had been Engaged

Generational Comparison: Edibles and Beef



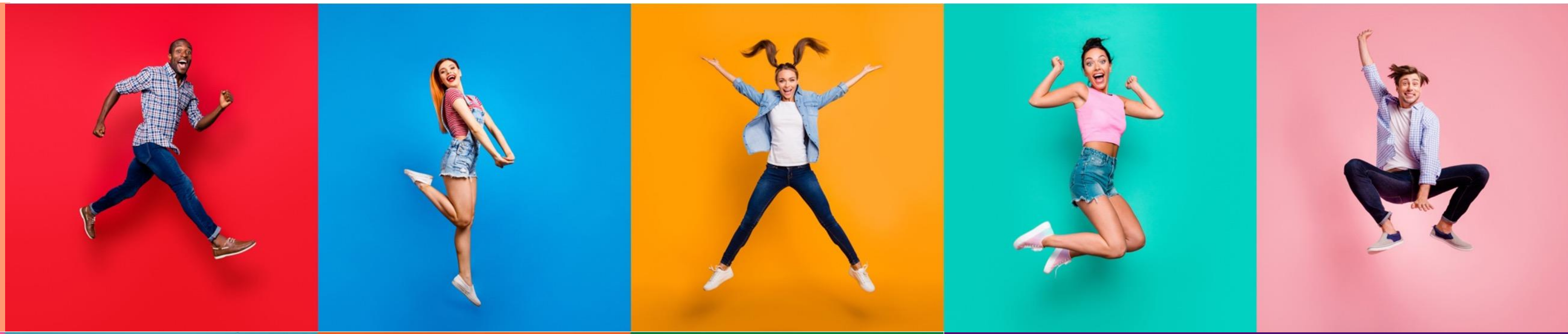


Source: Circana Integrated Fresh Panel, All Outlets, Latest 52 WE 4/23/2023

Who We Think About When We Make Fresh Foods Decisions Are Not Necessarily Today's (or Tomorrow's) Consumer

29%

of U.S. shopping households are **40 years old or younger**



…and they're already ***not*** acting, cooking, or shopping like Gen X or Boomers.

Underspend in fresh foods and traditional grocery

IRI Integrated Fresh OmniConsumer Scan Panel, Total US All Outlets, YTD WE 8/7/202

What Sets Younger Shoppers Apart?

The Joy of Discovery

The Need for Variety

Commitment to Values

Lack of Experience with Food Shopping and Preparation

Z	M	X	B	S
INGREDIENT CUTS	VEG-FED	GRASS-FED/VEG-FED	WAGYU	SELECT GRADE
BEEF & PORK RIBS	ORGANIC EGGS AND MEAT	ORGANIC/ABF MEAT	SELECT GRADE	LAMB/ VEAL
OFFAL/EXOTIC	CHICKEN BREAST/WINGS	FROZEN MEAT	BEEF BRISKET	PROCESSED MEATS
CHOICE GRADE	MEAT ALTERNATIVES	FAMILY PACKS	TURKEY WHOLE/BREAST	PRIVATE LABEL
CHICKEN WINGS	PREPARED MEALS	CHICKEN BREAST	SMOKED HAM	PORK INGREDIENT CUTS
UNBRANDED	INGREDIENT CUTS	GROUND PROTEIN	BEEF RIBEYE	ANGUS
FROZEN MEATS	GROUND POULTRY	MEAT ALTERNATIVES	EXOTIC MEATS	CONVENTIONAL MEATS

Source: IRi Integrated Shopper Loyalty, Food Outlets

Sustainability & Younger Consumers

"It's all about **efficacy and authenticity** with brands. Efficacy lends authenticity, rather than brands standing for certain ideals because they sound good."

~ Gen Z
Focus Group Participant

Source: IRI Focus Group

Sustainability and Transparency are Increasingly Expected by Consumers

93%

of shoppers have maintained or increased their sustainable purchase habits in 2022 – still a motivator even during high inflation

A higher percentage of Gen Z and Millennials are purchasing more sustainable products

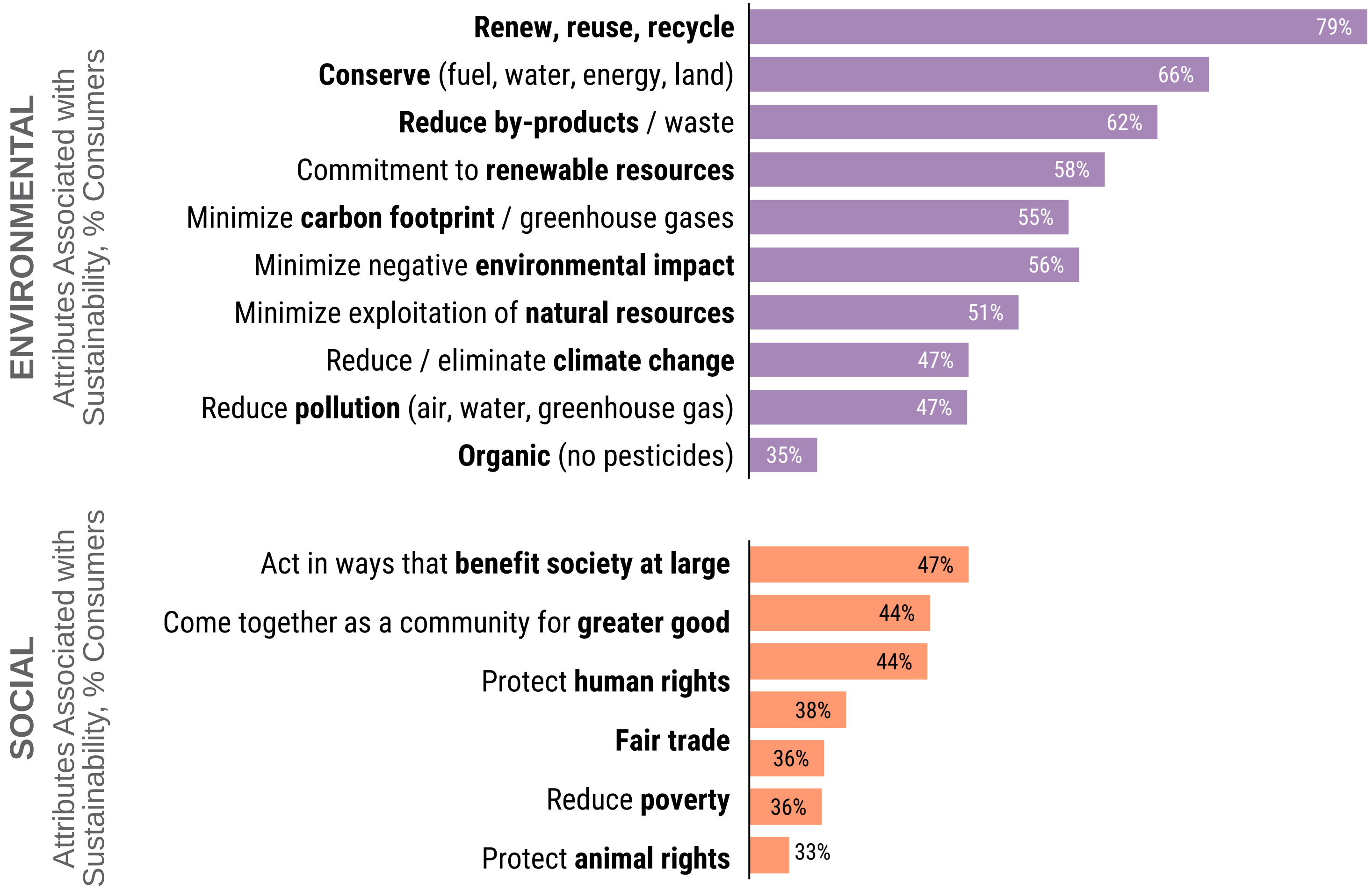
WHAT'S TO COME

Consumer Clarity | Enhanced Education | Measuring ROI

Source: IRI and NYU Sterns School of Business Sustainability and Transparency Study, 2022. IRI Integrated Fresh HH Panel using IRI/SPINS NaturalLInk Segmentation

The Consumer Lens: Sustainability is Defined More by **Environmental** vs. **Social** Factors

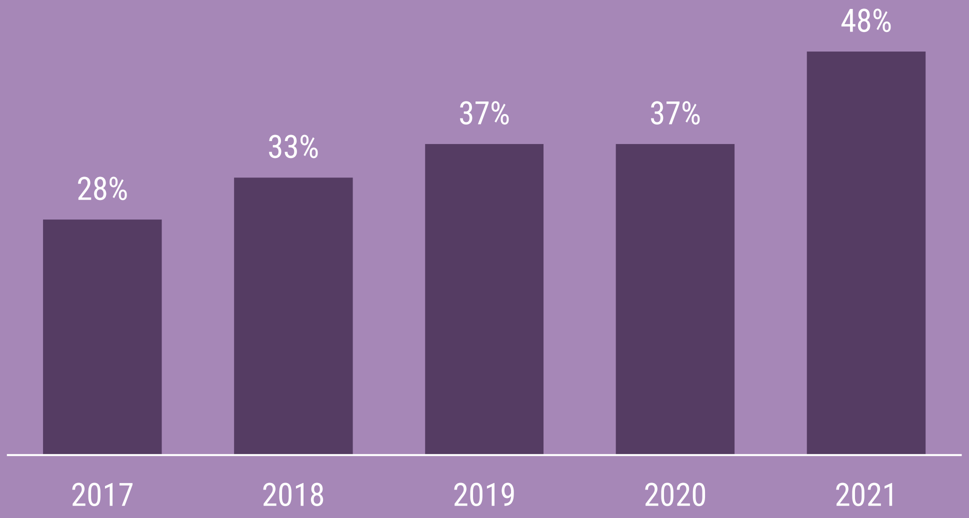
Gen Z and Millennials associate the term "sustainability" with environmental factors more than older consumers.



Source: IRI OmniConsumer™ Survey Solutions, June 2022, n=1,200

Why Analysis Supports a Sharp Increase in CPG/Grocery Products with Sustainability Benefits

~50% of all new products in 2021 were sustainable, up 20 percentage points from 2017



Source: IRI POS data for MULO across 32 core cats.;
Analysis by NYU Stern Center for Sustainable Business

IRi NYU | STERN | Center for Sustainable Business

All the Buzz in Product Launches, But How do "Good for Me, Good for the Planet" Consumers Buy Meat Today?

Source: IRI Naturalink Segmentation IRI Household Panel Data

The **GREAT** News: Natural Engaged Shoppers Are Equally, If Not More, Engaged in Fresh Meat

%HH BUYING

RESISTANT NONBELIEVERS

94.7%

STUGGLING SWITCHERS

95.0%

INDIFFERENT TRADITIONALISTS

95.2%

%HH BUYING

TRUE BELIEVERS

94.2%

ENLIGHTENED ENVIRONMENTALIST

95.5%

HEALTHY REALISTS

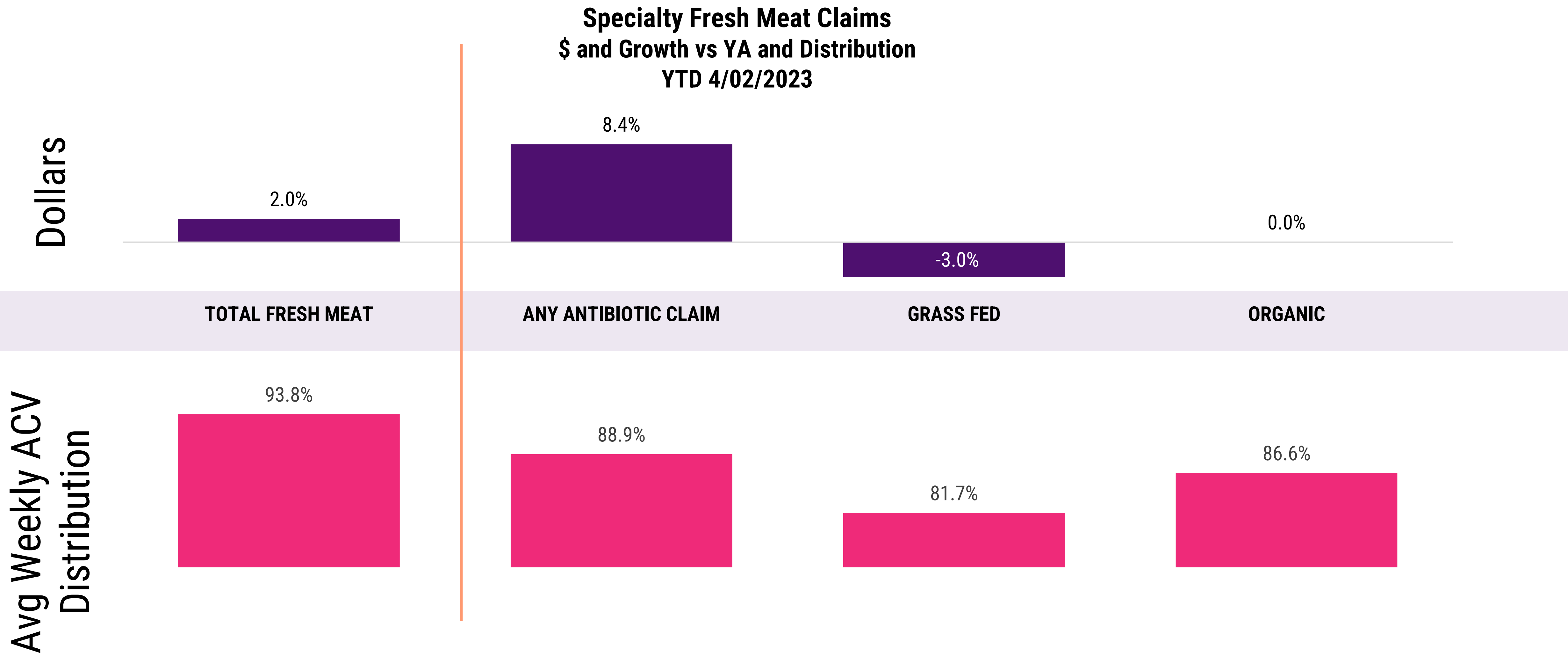
94.7%

STRAPPED SEEKER

91.5%

Source: Integrated Fresh Household Panel Data with SPINS NaturalLink, YTD WE 10/2/2022

Specialty Claims in Protein Are Holding Strong in Sales and Shoppers Aren't Walking Away – But Products Shoppers Demand Aren't Fully Available



Source: Circana Integrated Fresh Market Advantage, MULO, Latest 52 Weeks 05-21-2023

So What Now What

The popularity of sustainably marketed products among **younger consumers** points to an **enduring demand.**

Younger Shoppers shop differently – more discovery, more solution-oriented, more occasion-based. **They are actively engaged with meat** but the way we've always marketed and marketed must evolve

Brands that have **sustainability at their core, as part of their value proposition** are likely to fare better than ones that consider sustainability as risk management or risk avoidance.

Thank you

Jonna Parker
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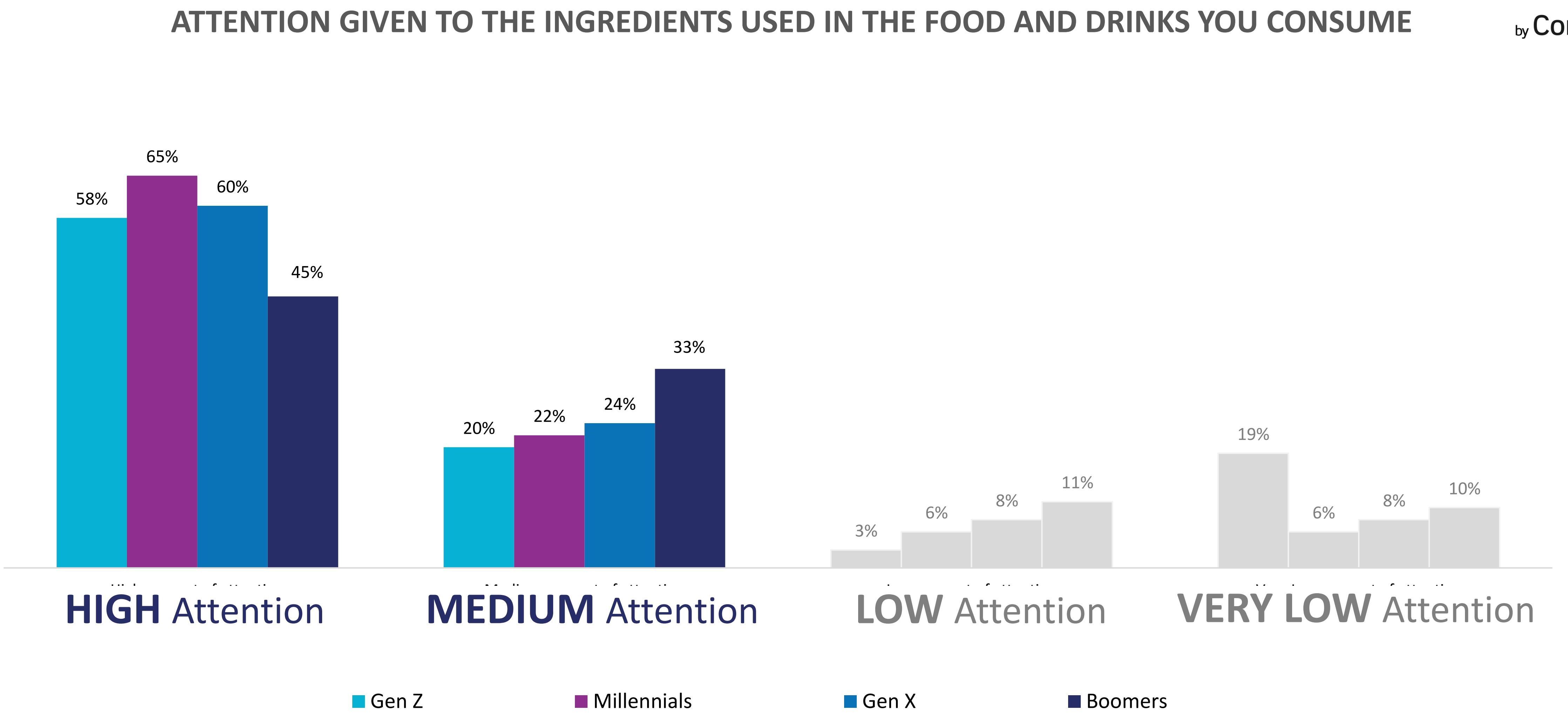
NAMI WEBINAR

Sustainability's Role in Evolving Consumer Preferences in Protein

CORBION MARKETING INSIGHTS

Ingredients matter to ALL consumers – not just one generation

360° by Corbion



Q: How much attention do you give the following?

Source: Global Data Consumer survey, United States, Q1 2023. Demographic breakouts are as follows: Gen Z, ttl (born 1997-2012), Millennials, ttl (born 1981-96), Gen X, ttl (born 1965-80), Boomers, ttl (born 1946-64), Silent / GI Gen (b before 1946)

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Health is key for all generations, but when it comes to new products, their other priorities can vary

Generation Z

Health benefits
Flavor
Affordability
Naturalness
Environmental factors

Millennials

Health benefits
Affordability
Flavor
Naturalness
Environmental factors

Generation X

Health benefits
Affordability
Naturalness
Environmental factors
Flavor

Boomers

Health benefits
Affordability
Naturalness
Environmental factors
Flavor

Q: Considering food and beverage, which aspects do you think should drive the development of new products the most?

Source: Innova Trends Survey 2023. Demographic breakouts are as follows: Gen Z, ttl (born 1997-2012), Millennials, ttl (born 1981-96), Gen X, ttl (born 1965-80), Boomers, ttl (born 1946-64)

Sustainability Is Evolving; Becoming More Of a Complex Opportunity

Younger consumers are introducing new 'green' priorities to their purchasing decisions.

Gen Z | **Millennials** | **Gen X** | **Baby Boomers**

Gen Z & Millennials

- Biodegradable packaging
- Responsibly produced
- Sustainably sourced
- **Fair trade certified**
- **Made from recycled materials**

- **Natural**
- Responsibly produced
- Sustainably sourced
- **Recyclable & reusable packaging**
- Biodegradable packaging

Variability introduced

Gen X & Baby Boomers

- Natural
- Recyclable & reusable packaging
- Biodegradable packaging

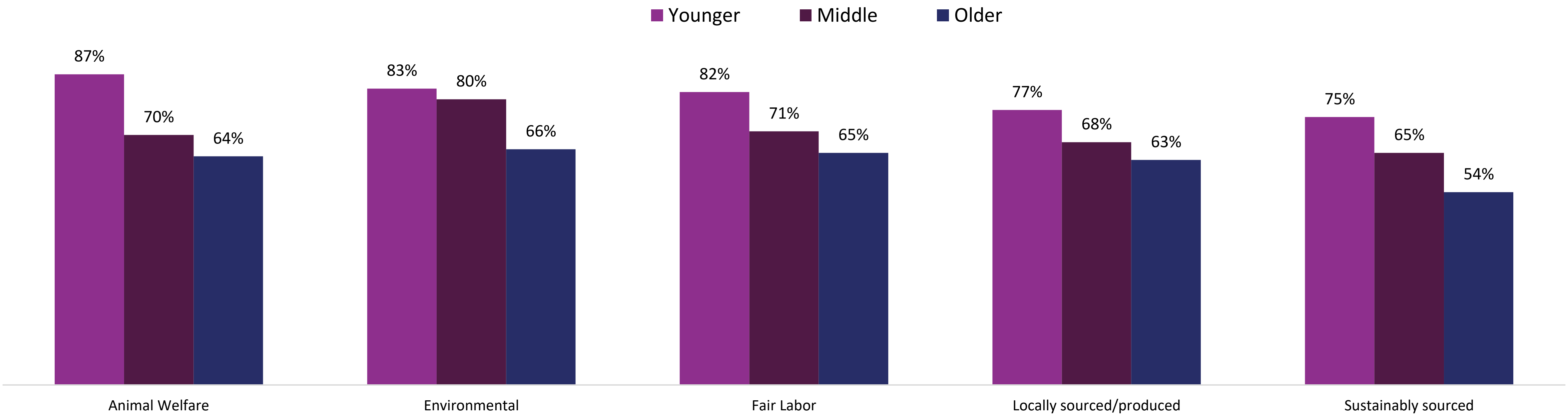
Highly similar in viewpoints

Q: When purchasing food products, rate the importance of the following green claims on your purchase decision ?

A Rise in Sustainability Preferences is Becoming Increasingly Prevalent in the Meat Category

Attributes such as animal welfare, environmental, fair labor, locally sourced and sustainably sourced were the top five most essential attributes in meat, with younger generations leading the way.

% who Agree this Attribute is important to Sustainability in Meats Products

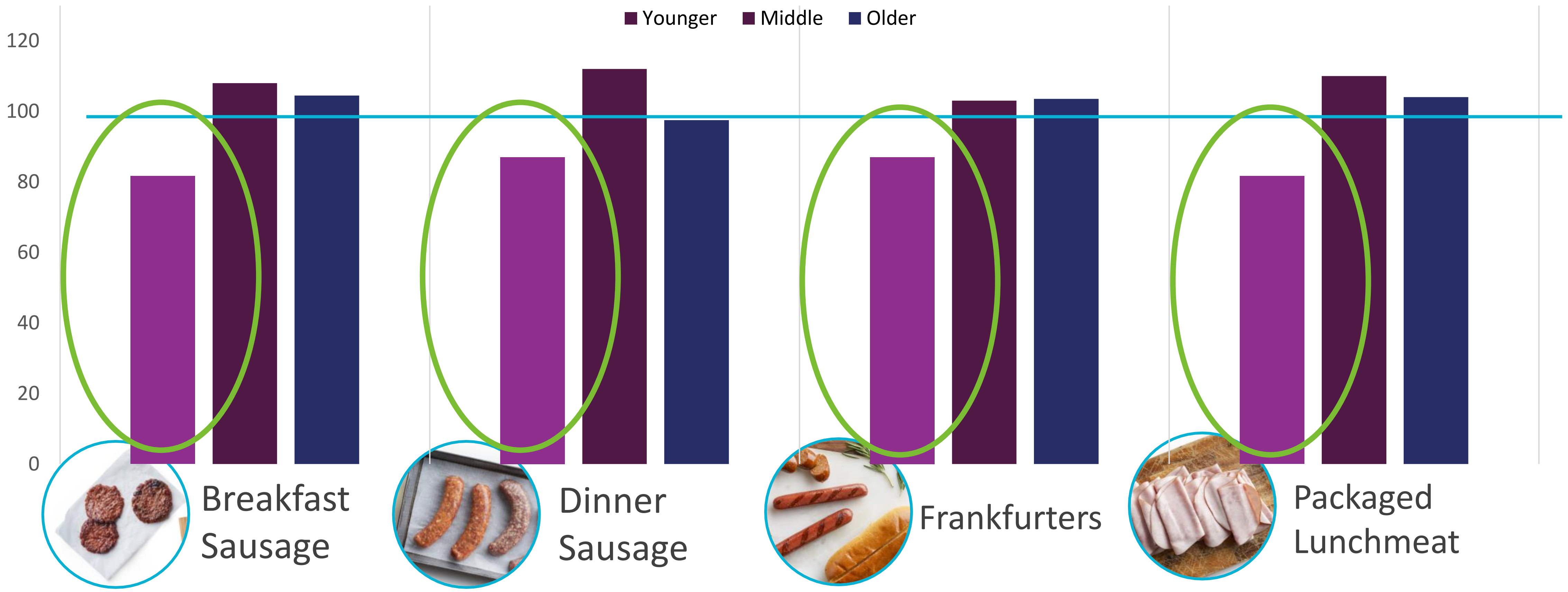


Source: Corbion Proprietary Survey 2023, Demographic breakouts are as follows: **Younger:** Post-Gen Z (2013 or later),Gen Z, ttl (born 1997-2012), Millennials, ttl (born 1981-96), **Middle**: Gen X, ttl (born 1965-80), **Older:** Boomers, ttl (born 1946-64), Silent / GI Gen (b before 1946)

Younger Generations are also ‘Light Buyers’ in Processed Meat

The future of processed meat rests in the younger generations who are considered light buyers. They are not the same as the generations before them.

Volume Index By Meat Type & Generation



6/21/2023

Source: Circana Panel Data: Q2 2022, **Younger:** Post-Gen Z (2013 or later),Gen Z, ttl (born 1997-2012), Millennials, ttl (born 1981-96), **Middle**: Gen X, ttl (born 1965-80), **Older:** Boomers, ttl (born 1946-64), Silent / GI Gen (b before 1946). Reference: Volume Index = (% Volume Purchased ÷ % Households)*100.

Health and Wellness capture New Product Development (NPD) claims within Meat, Room for Growth: Sustainability

360° by Corbion

Top Claims*, % Product Launches

Claim	%
No Additives/Preservatives	63%
Gluten Free	56%
Natural	30%
High Source of Protein	20%
Low/No/Reduce Fat	15%
Organic	10%
GMO Free	8%
No Trans Fat	4%
Lactose Free	3%
Low/No/Reduced Sodium	3%

Fastest Growing Claims**, % Growth

% Growth	Claim
+51%	High Source of Protein
+51%	Antioxidants
+39%	Conv – PKG
+25%	Vegan
+17%	No Added Sugar
+16%	Low/No/Reduced Cholesterol
+9%	Halal
+9%	Ethical-Environmental
+8%	GMO Free
+6%	High Source of Protein

Claim Coding:

- Sustainability*
- Health & Wellness
- Convenience

Source: Innova, Top claims based on ranking across Meat Products, Deli, and Poultry in the last 5 years
*Sustainability claims are also considered 'H&W', based on consumer perception
**Fastest Growing Claims- % Growth vs. 2022

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The Power of Positioning

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Fastest Growing Claims**, % Growth

+51%	Low/No/Reduced Carb
+51%	**Antioxidants**
+39%	Conv – PKG
+25%	Vegan
+17%	No Added Sugar

284

# of meat products launched with an AOX ingredient within the US in the last 5 years

Sustainability*

Source: Innova, Top claims based on ranking across Meat, Fish and Eggs,

**Fastest Growing Claims- % Growth vs. 2022, AOX ingredients includes Rosemary, Acerola, Green Tea Extract

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Closing thoughts

1 Ingredients Matter To The Consumer

2 H&W Is Becoming Table Stakes for Younger Consumers: Look Elsewhere For Growth!

3 Younger Generations Want Different Green Claims On Their Food Products

4 Sustainability Claims In Meat Matter Most To Younger Consumers

5 In Meat, There is Room for Growth For Sustainability & AOX Claims

360°

by Corbion

Elevate and amplify your product development process with Corbion support

APPLICATIONS

MARKET INSIGHTS

TECHNICAL SERVICES

MODELS AND TOOLS

Megan Passman

Global Insights Manager

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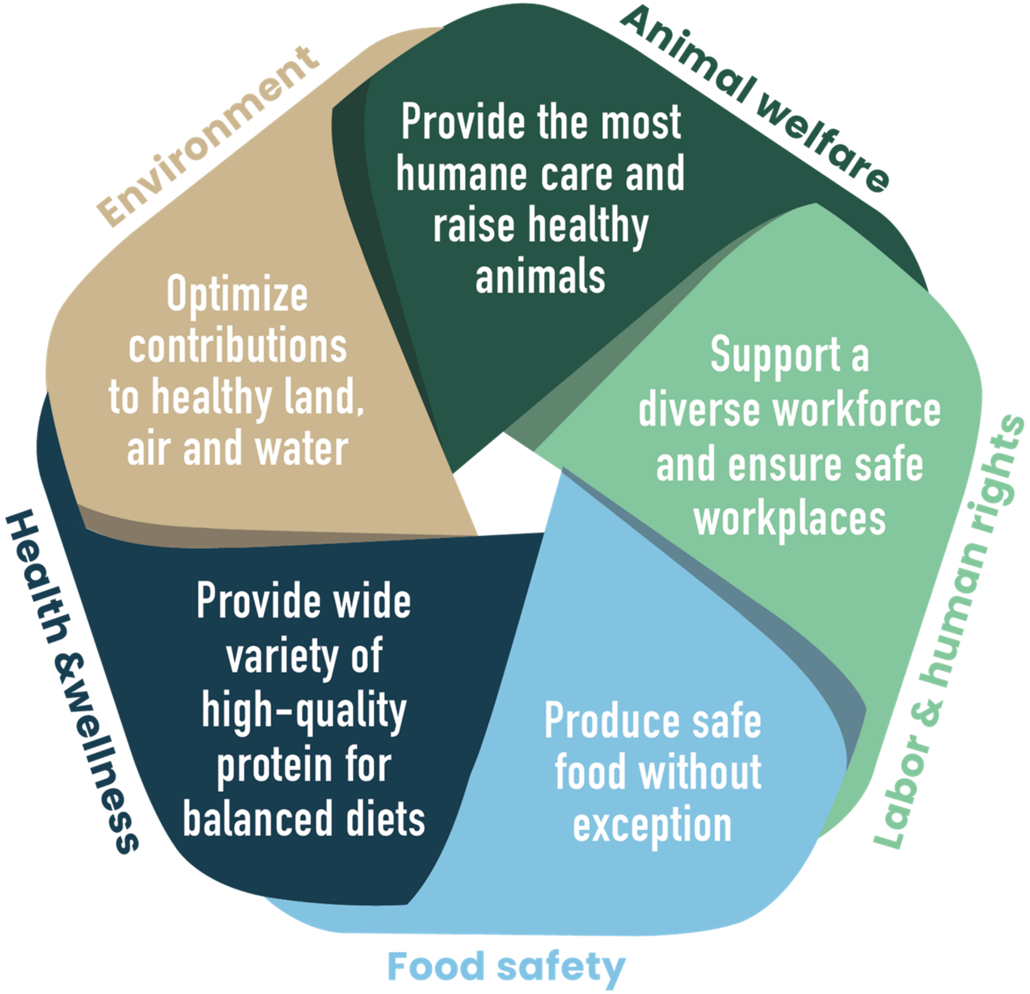
Protein PACT Bold vision and targets



90% of NAMI members' production volume is reporting on metrics to set a baseline in 2022. 100% of membership is reporting on ALL metrics in 2030.

By 2025, 100% of NAMI members who handle animals will pass third-party animal transport and handling audits and all members will require all suppliers to implement mandatory employee training and follow species-specific standards for animal care.

By 2030, we will further reduce workplace injuries by 50% (2019 baseline), on top of the 75% reduction achieved from 1999-2019.

By 2025, working with the U.S. Department of Agriculture and Feeding America, we will measure and help fill the protein gap to ensure families in need have enough high-quality protein to meet U.S. dietary guidelines.

By 2030, 100% of NAMI members will have an SBTi-approved (Science-based Target Initiative) greenhouse gas reduction target.

Website - https://www.theproteinpact.org

Protein PACT - How to Participate

- Data Collection Window May 1-July 31

- Contact Kristi Block kblock@meatinstitute.org for assistance
- Website - https://www.theproteinpact.org

- Follow on Social Media
  - LinkedIn: The Protein PACT
  - Twitter: @TheProteinPACT
  - Instagram: @TheProteinPACT
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Questions & Answers

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