



Image Source: Shutterstock



Trust in the Animal Protein Industry

Consumer and Operator Research for NAMI's Protein PACT for People, Animals and Climate of Tomorrow

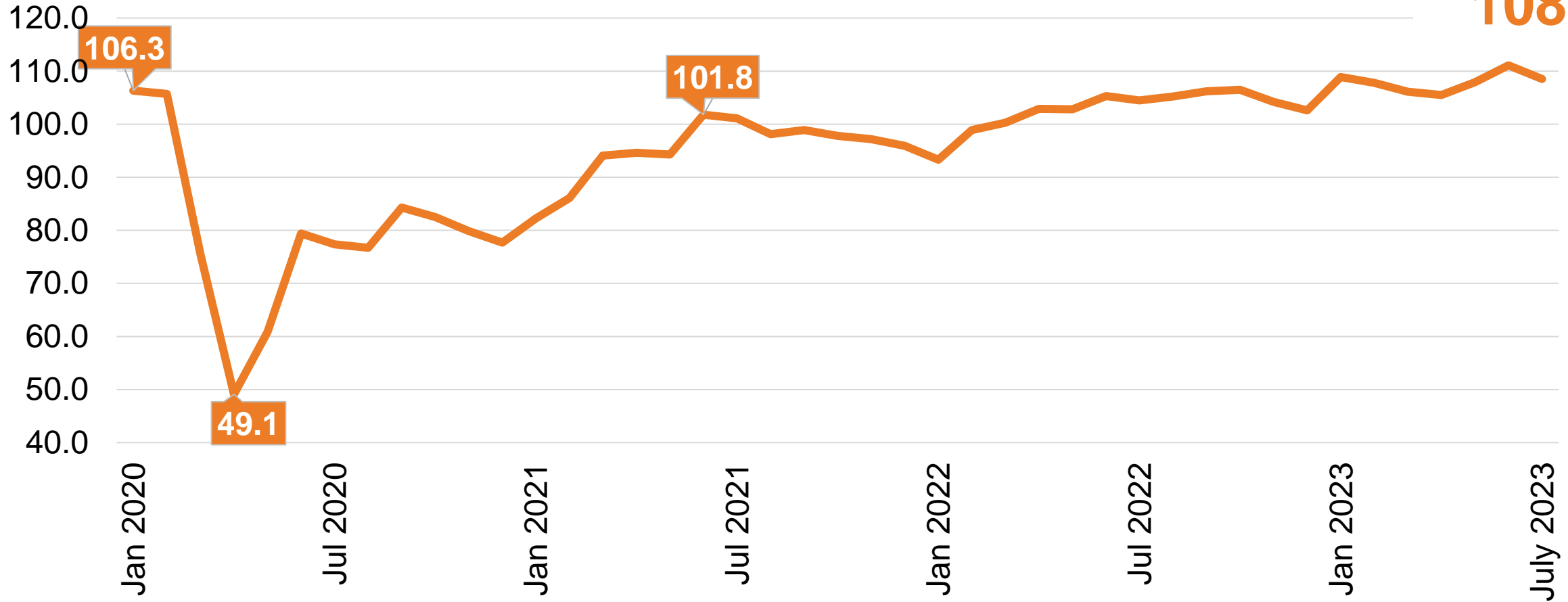


State of the Foodservice Industry

TINDEX

YEAR-OVER-YEAR INDEX OF FOODSERVICE INDUSTRY SALES (2019=100*)

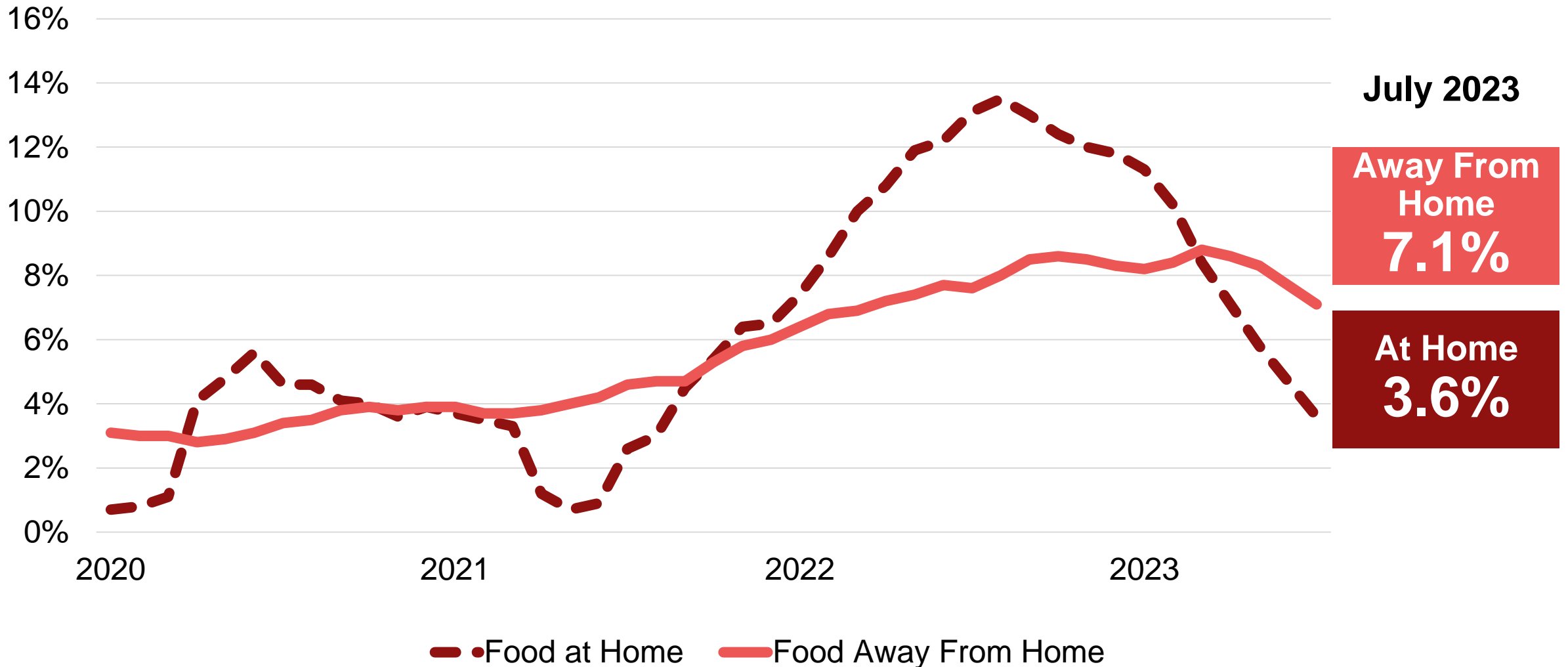
July 2023
108.8



Source: Technomic TIndex

*Note: Each month's index corresponds to the same month in 2019 where the index=100

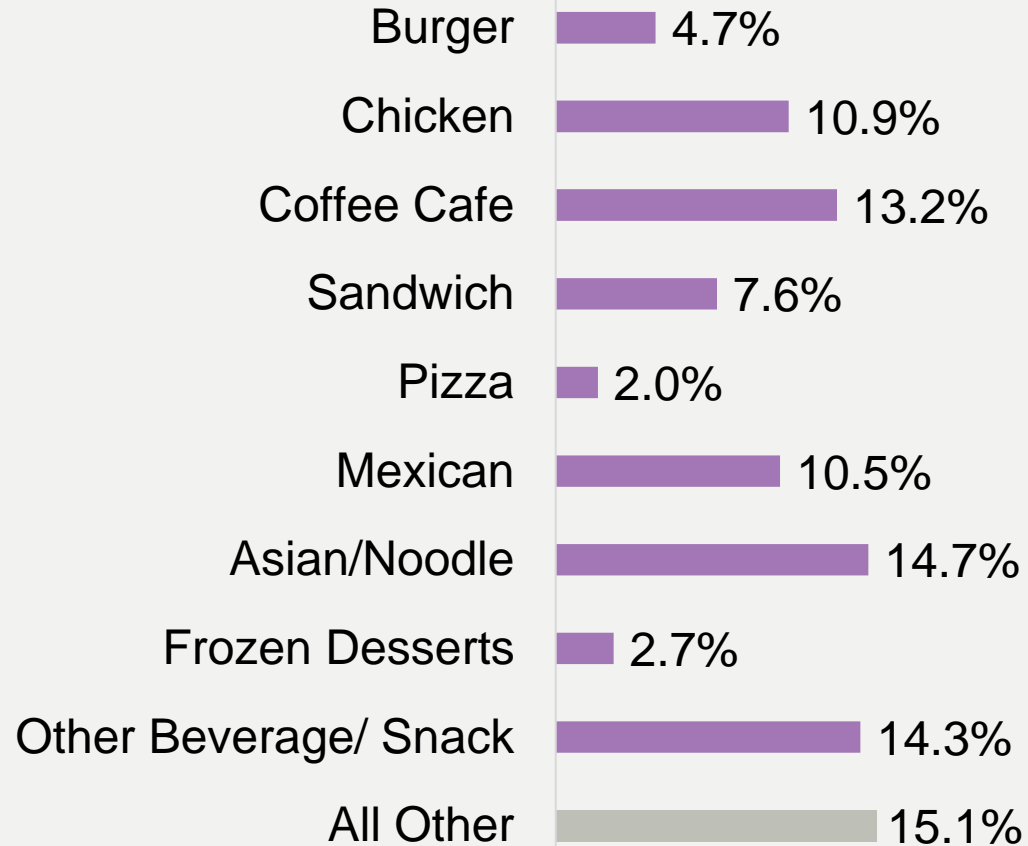
U.S. CONSUMER PRICE INDICES (INFLATION) 12-MONTH CHANGE



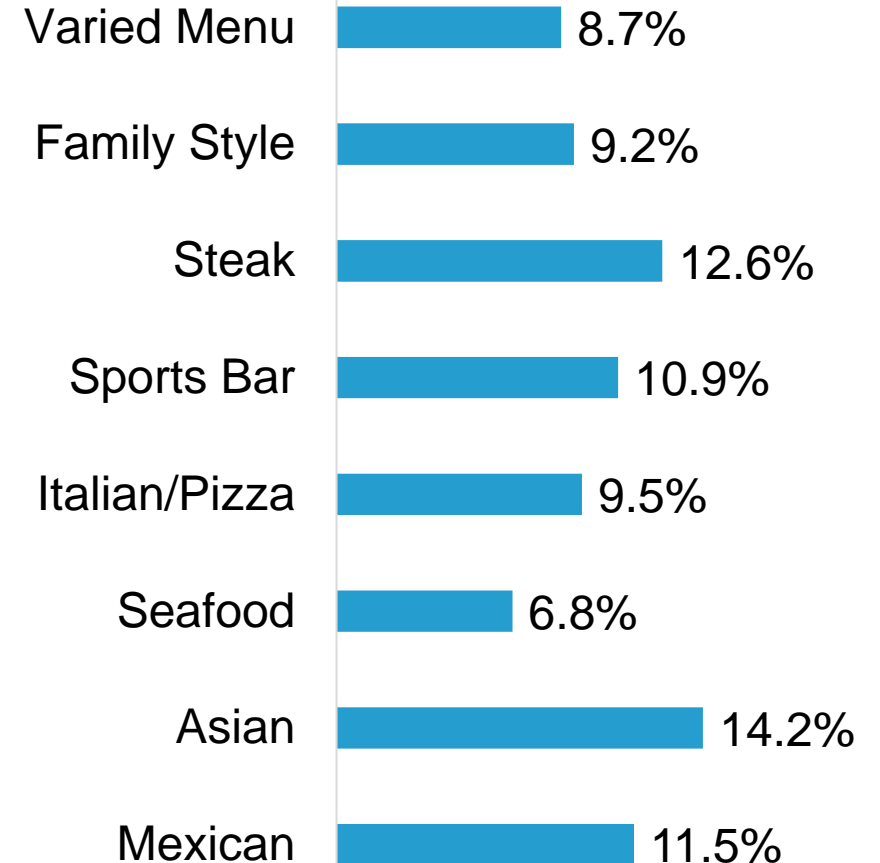
Source: Bureau of Labor Statistics

2022 TOP 500 MENU CATEGORY SALES CHANGE

LSR



FSR





2023

\$1 Trillion

Forecasts



Image Source: Shutterstock

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2023 INDUSTRY GROWTH FORECASTS

Nominal
7.1%

Real
0.5%

Source: Technomic forecasts; retail sales equivalent level
Image Source: Shutterstock

2023 INDUSTRY REAL FORECASTS

Total Foodservice
0.5%

LSR
0.3%

FSR
-2.4%

Retailers
0.3%

Noncomm
2.1%

Travel & Leisure
7.9%

Source: Technomic forecasts
Image Source: Shutterstock

2024 INDUSTRY GROWTH FORECASTS

Nominal
6.9%

Real
3.3%

Source: Technomic forecasts; retail sales equivalent level
Image Source: Shutterstock

Snapshot of Key Trends Driving the Industry

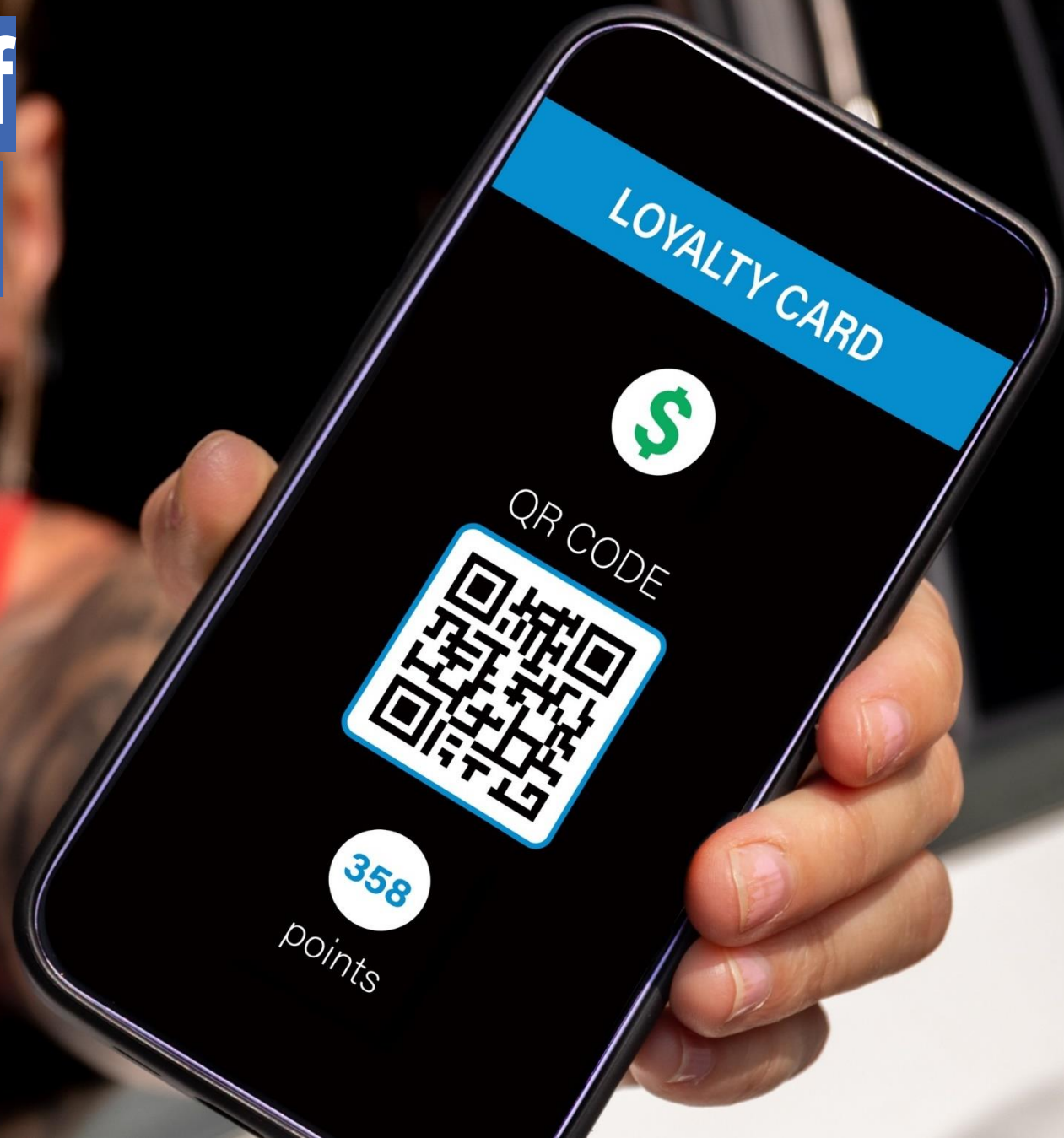
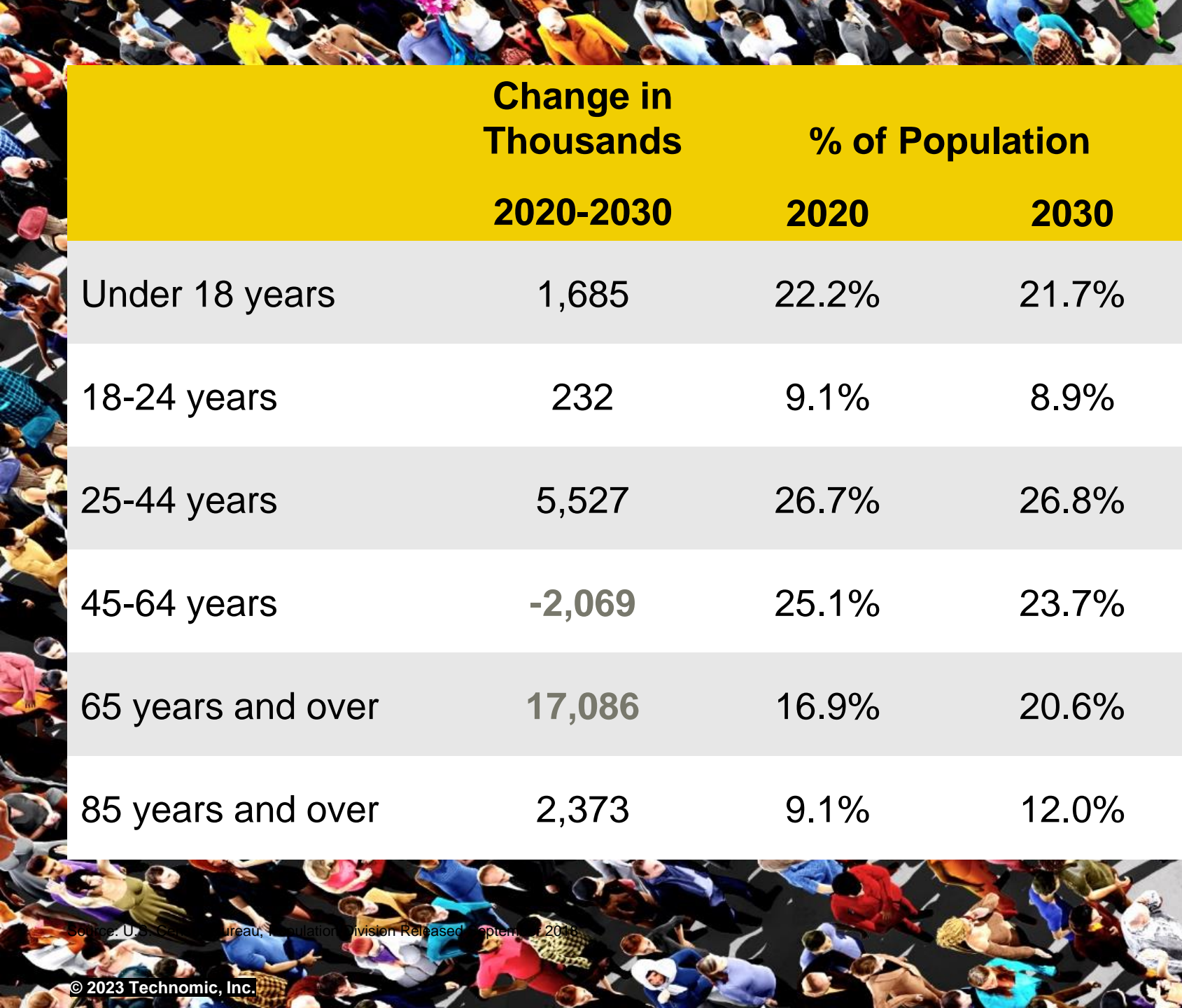


Image Source: Shutterstock

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A high-angle, top-down view of a massive, diverse crowd of people. The crowd is arranged in a large, irregular circle, with individuals packed closely together. The people are wearing a wide variety of colorful clothing, creating a vibrant, multi-colored ring. The center of the circle is a light-colored, flat surface where the text is located. The overall scene conveys a sense of a large, inclusive gathering.

0.6%
**Overall U.S.
population
growth
each year
through 2030**



Population will shift

Favoring some areas of foodservice more than others

- + for healthcare, senior living
- for some restaurant types (e.g., fine dining)

	Change in Thousands	% of Population	
	2020-2030	2020	2030
Under 18 years	1,685	22.2%	21.7%
18-24 years	232	9.1%	8.9%
25-44 years	5,527	26.7%	26.8%
45-64 years	-2,069	25.1%	23.7%
65 years and over	17,086	16.9%	20.6%
85 years and over	2,373	9.1%	12.0%

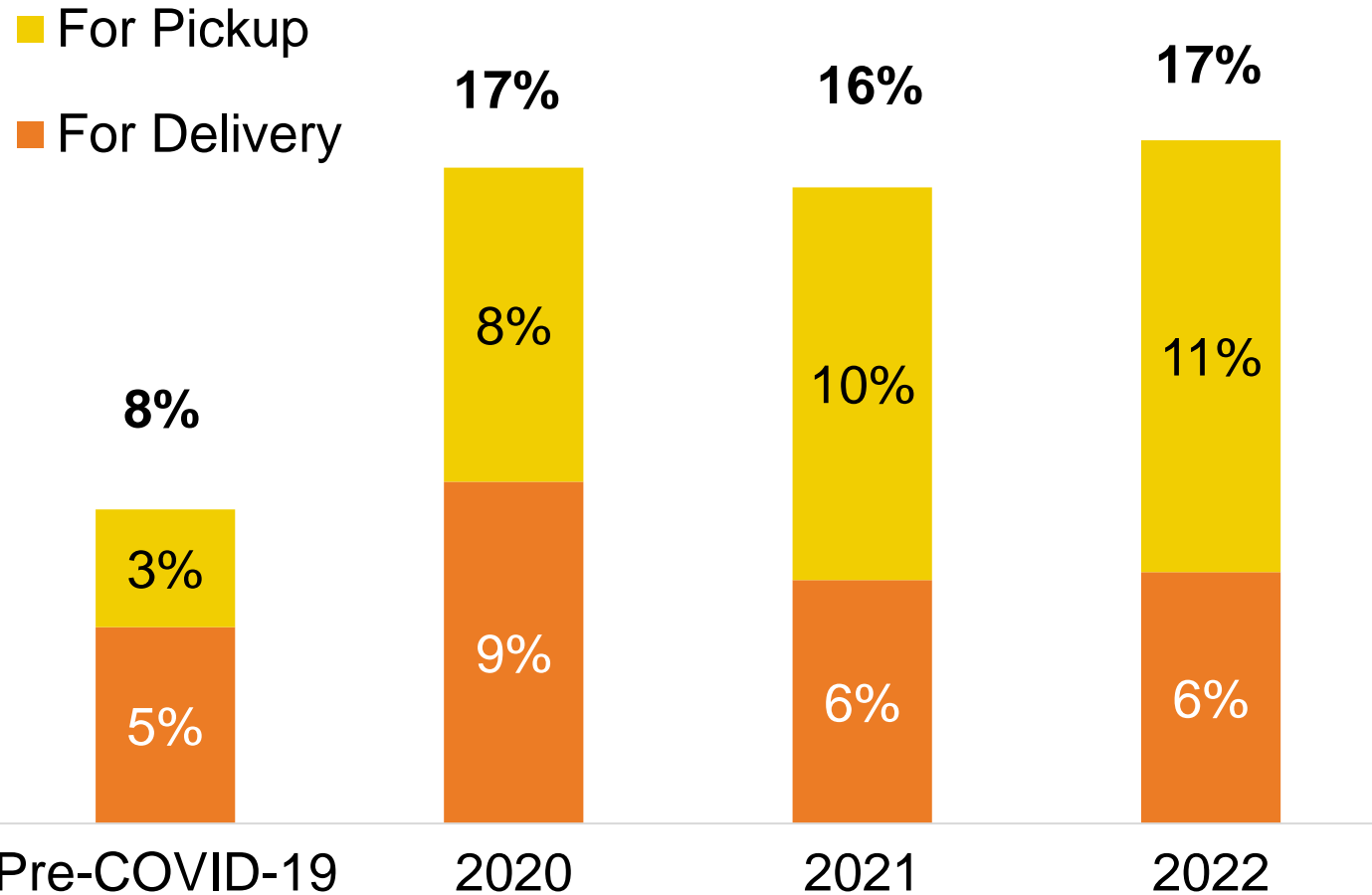
Source: U.S. Census Bureau, Population Division Released September 2018

The Pandemic Service Shift



Base:
Q:
Note:

OFF-PREMISE ORDERING BEHAVIOR



Base: 140 limited-service restaurant chains
Source: Technomic Ignite Company



Menu innovation returns



Image Source: Shutterstock

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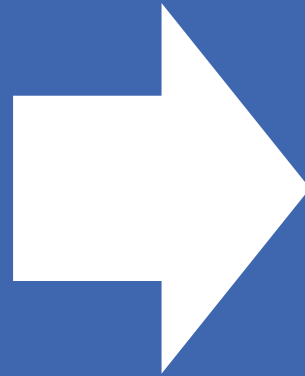
TOTAL MENU ITEMS (IN THOUSANDS)

Menus have returned



Base: 6,726 U.S. operators with five-year historical menus in Q4 2017-Q4 2022
Source: Technomic Ignite Menu national food trends data
Image Source: Shutterstock

**PURCHASE
INTENT**



**HIGH
APPEAL**

TOP 10 LTOS BY PURCHASE INTENT

Roasted Prime Rib (STK)

Onion Rings (Wayback Burgers)

Baked Cheesy Potatoes (Mission BBQ)

Bone-In Ribeye (Smokey Bones)

Homestyle French Toast Sticks (Wendy's)

Loaded Mashed Potatoes (Cracker Barrel)

Cinnamon Roll (85C Bakery Cafe)

Crispy Apple Pie Rolls (Panda Express)

Campfire Potatoes (O'Charley's)

Philly Steak and Cheese Sandwich (Shoney's)

*Base: Top 500 chain restaurants

*Source: Technomic Ignite Menu consumer-rated LTOs data, January 2022-January 2023

**Base: 1,033 consumers who eat beef at least once every two to three weeks

**Source: Technomic 2021 Center of the Plate: Beef & Pork Consumer Trend Report

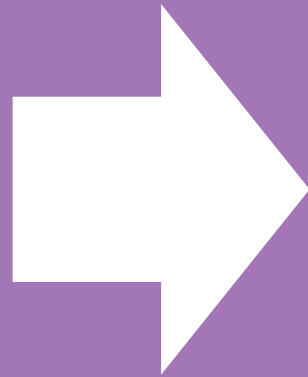
Image Source: Shutterstock

Steak

56% of consumers eat steak at least once every two to three weeks (up from 50% in 2018)**



CRAVEABILITY



**INCREMENTAL
SALES**

TOP 10 MOST CRAVEABLE LTOS

Strawberry Bell Truffle (Taco Bell)

14-Oz. USDA Choice Porterhouse Steak and Eggs (Black Bear Diner)

Chocolate Chip Cannoli (Bertucci's)

Summer Berry Shortcake (Cooper's Hawk Winery & Restaurants)

Chocolate Peanut Butter Drop (Perkins Restaurant & Bakery)

Peachalicious Pancakes (Snooze, an A.M. Eatery)

Ribeye, Crispy Shrimp and Atlantic Lobster Tail (Black Angus Steakhouse)

Shrimp and Grits with Andouille (First Watch)

Pickle Fries (Sonic Drive-In)

Founder's Special Cheesesteak (Penn Station East Coast Subs)

Base: Top 500 chain restaurants
Source: Technomic Ignite Menu consumer-rated LTOs data, January 2022-January 2023
Image Source: Shutterstock

**Protein on
Protein**



Trust Tracking Overview

Key Focus Areas

Technomic and NAMI developed a consumer survey around trust in the meat and poultry industry in five key focus areas



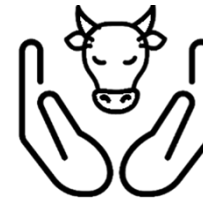
Health & Wellness



Food Safety



Environmental Impact



Animal Welfare



Labor & Human Rights



OCCUPATIONAL SAFETY

METHODOLOGY

Since November of 2020, Technomic has been deploying the survey monthly to 500 consumers to track consumer any shifts in trust

Trust scores are calculated through a series of factor analyses on individual questions within each Focus Area to group into indices

Data aggregated on a quarterly basis

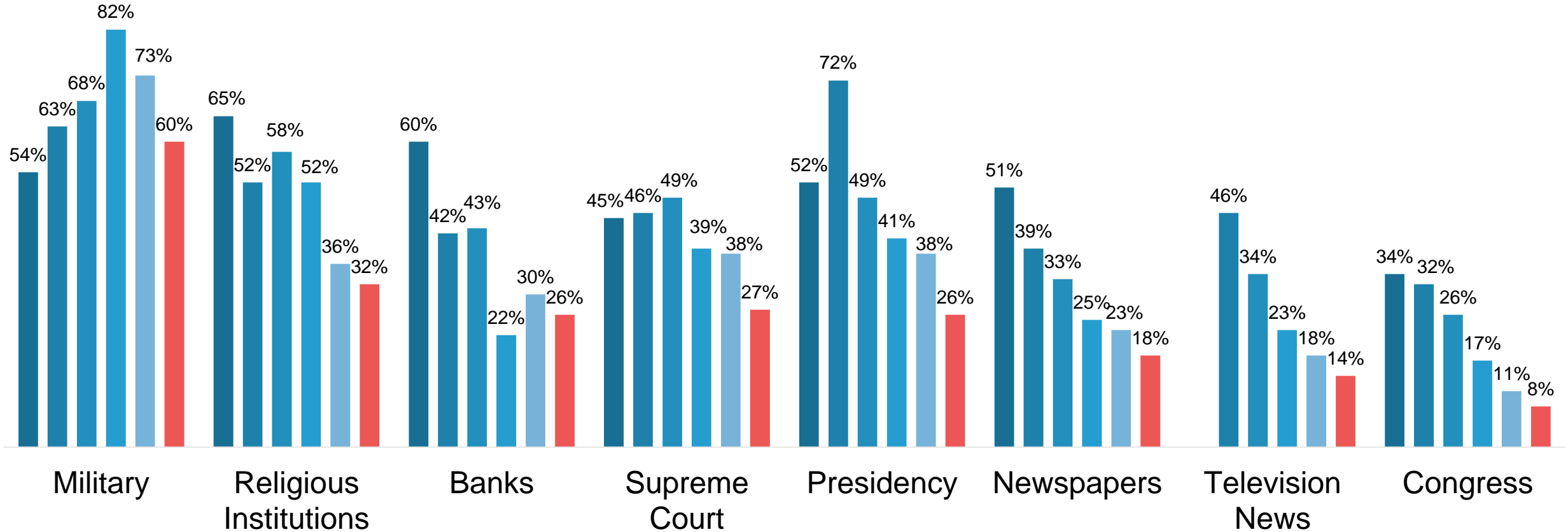
Hierarchical regression analyses was conducted to look impact of the trust on daily protein consumption

Technomic also conducts an annual survey of foodservice and retail operators around the key Focus Areas

TRUST IN U.S. INSTITUTIONS 1979-2022

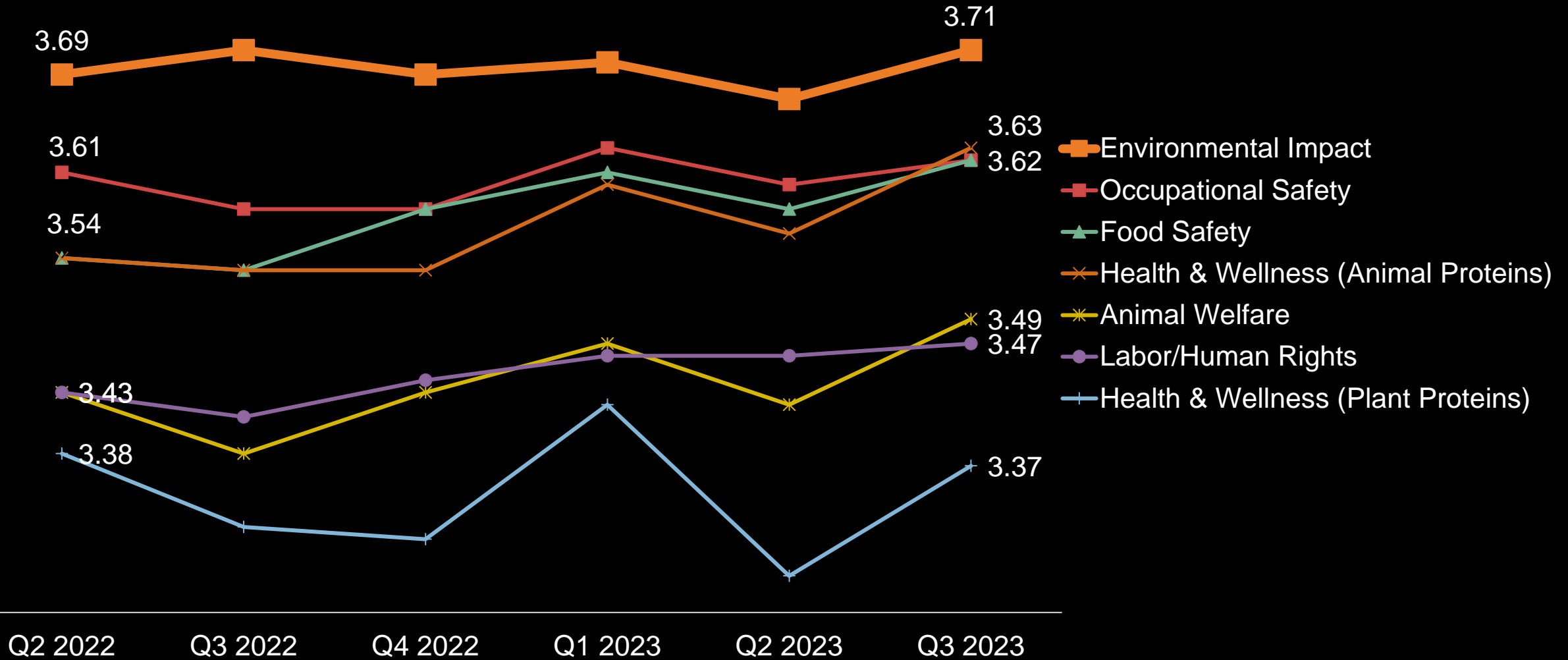
% GREAT DEAL/QUITE A LOT OF CONFIDENCE IN U.S. INSTITUTIONS

■ 1979 ■ 1989 ■ 1999 ■ 2009 ■ 2019 ■ 2023



Source: Gallup

AVERAGE TRUST SCORE



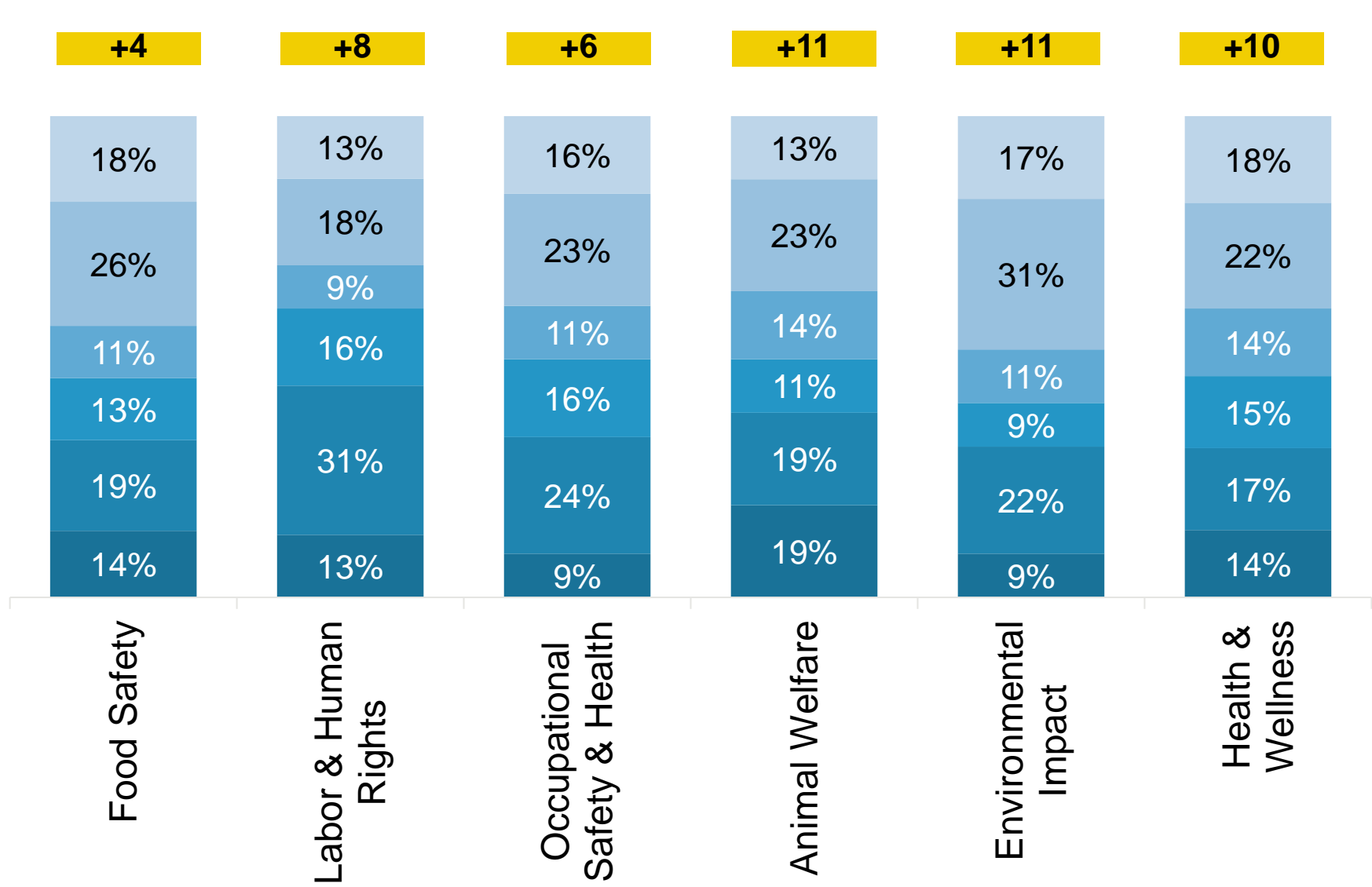
1-5 scale: 1=very low trust, 5=very high trust

Statistical significance at +/-0.05

Note: Q1 consumer scores reflect an aggregate of January, February and March survey data; Q2 an aggregate of April, May and June survey data; Q3 an aggregate of July, August and September survey data; and Q4 an aggregate of October, November and December data.

Consumers ages 18-24 are more likely to be active detractors

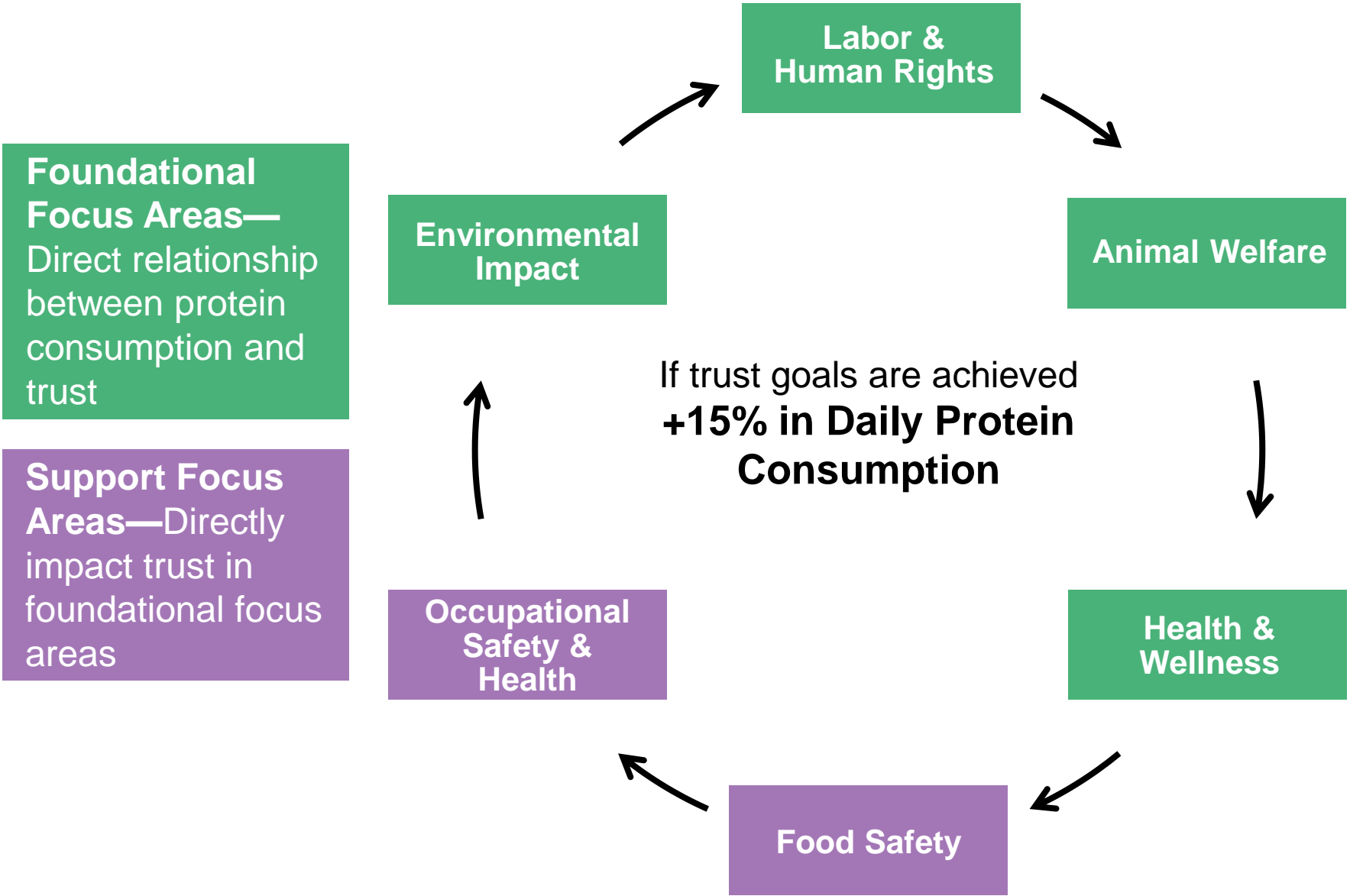
- Active Supporter
- Passively Supportive
- On the Cusp
- Actively Neutral
- Passively Neutral
- Active Detractor



Base: 1,500 (Q2 2023) consumers

Note: Data reflects an aggregate of April-June 2023 survey data

■ = Percentage points above average for consumers ages 18-24 that are more likely to be active detractors



Impact of Increasing Trust

Current Trust Scores =3.4-3.7

Trust Score Goal =4 out of 5

Increasing scores to a 4 is estimated to **boost daily animal protein consumption by 15%**

Considering population growth, this would **increase the demand by 20%**

Note: Environmental Impact became a foundational Focus Area in Q4 2022 as it now shows having a direct relationship to consumption

**If Trust Score Goals are met
by 2030....**

\$22.6B

Incremental gain

EXPECTED IMPACT OF TRUST ON INDUSTRY GROWTH

Scenarios	Expected Volume Growth (2023-2030)	Expected Dollar Growth (Real)	Incremental Dollar Gain
Status quo (no change in Trust Scores)	4.6%	6.7%	\$6.5B
Achieve Trust goals* by 2030	20.3%	22.7%	\$22.6B
Impact of a decline in Trust scores (from current score to an average of 3)	-14.9%	-7.6%	(\$7.9B)

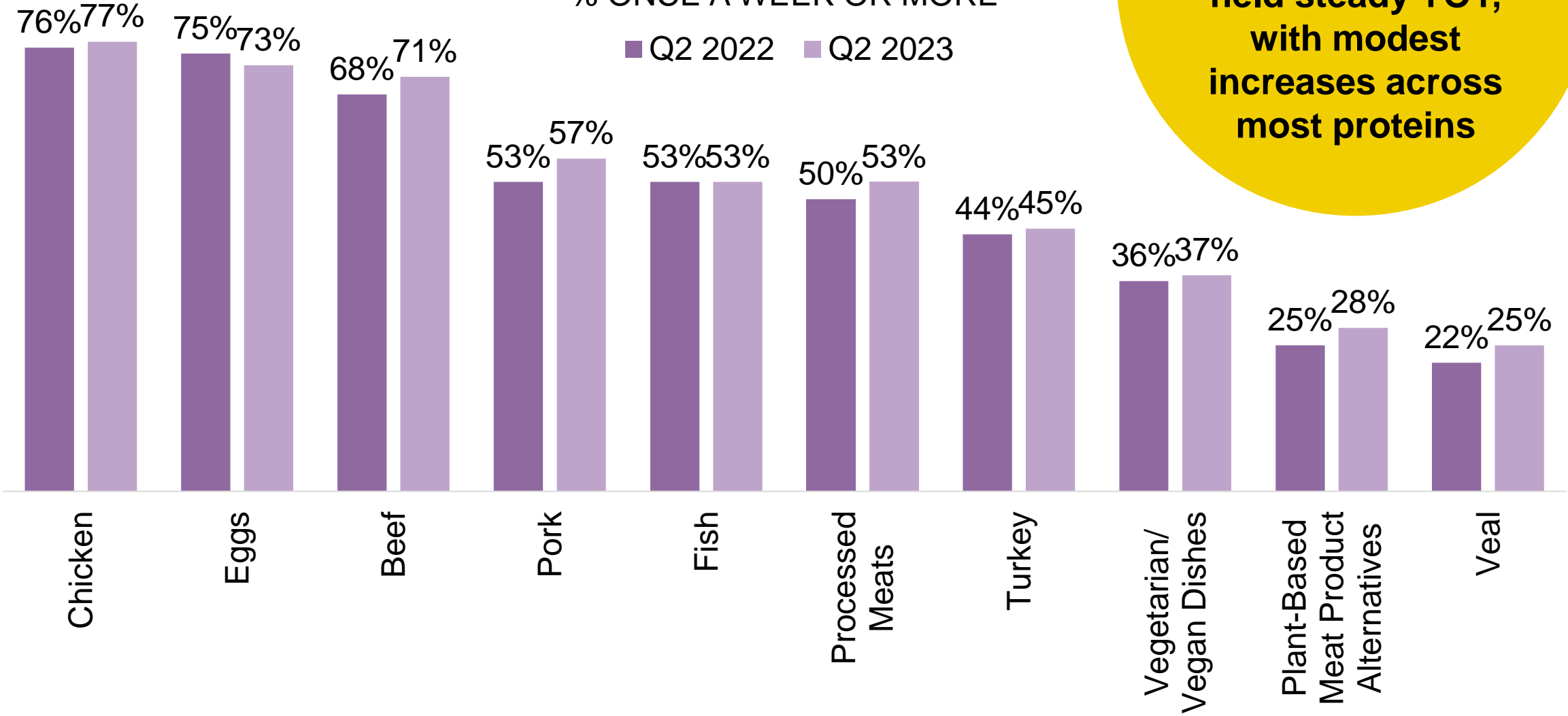
Source: Technomic forecast based on internal foodservice growth estimates, USDA and OECD estimates, and Power of Meat report

*Note: Trust scores=4

Note: Growth estimates consider inflation, population growth and the impact of improving trust. Numbers are reflective of retail and foodservice consumption.

PROTEIN FREQUENCY
 % ONCE A WEEK OR MORE

■ Q2 2022 ■ Q2 2023



Consumption has held steady YOY, with modest increases across most proteins

1-5 scale: 1=very low trust, 5=very high trust
 Statistical significance at +/-0.05

Note : Consumer scores reflect an aggregate of April, May and June 2023 survey data; Operator scores reflect data collected in May 2023

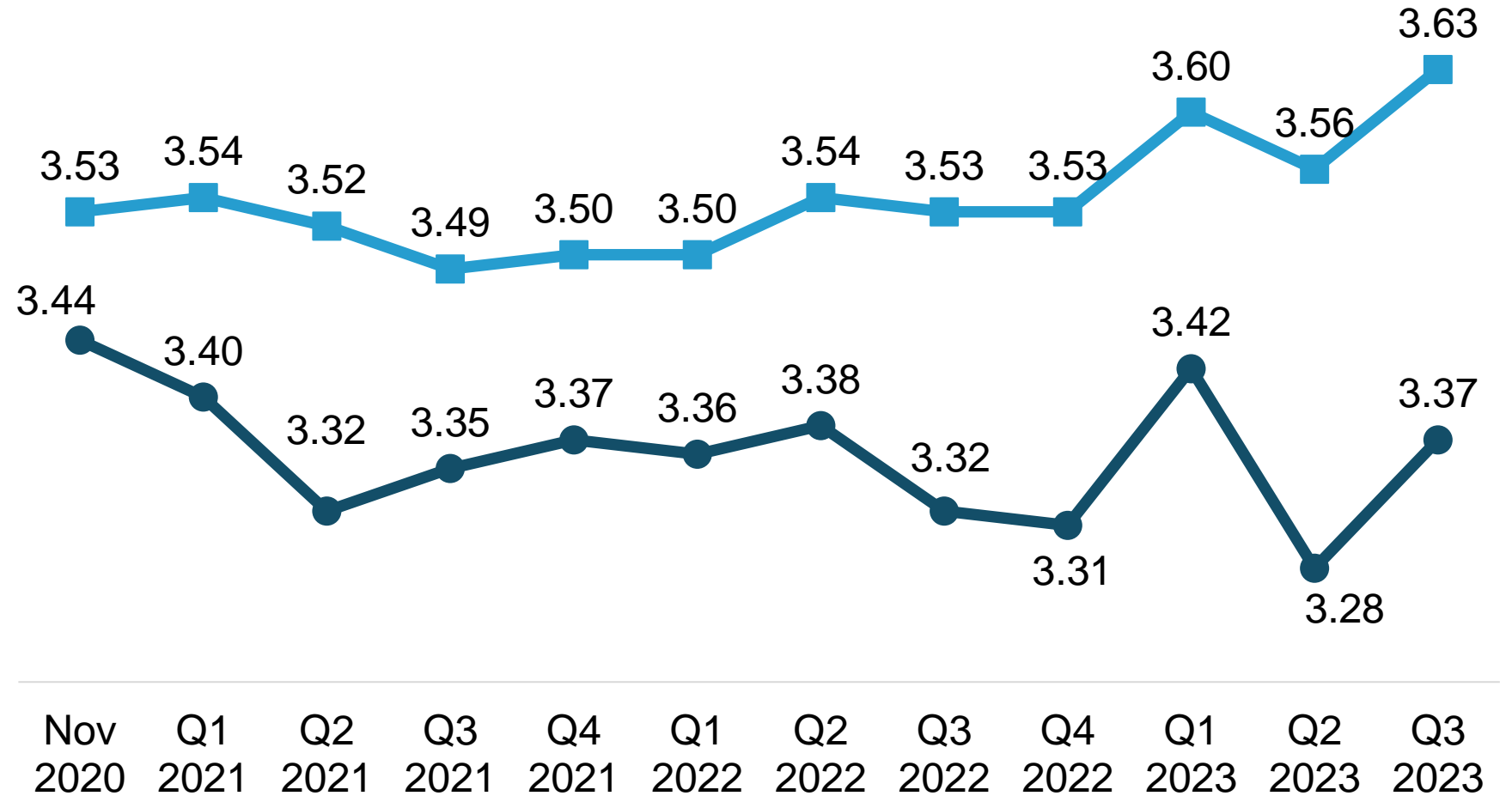
Health & Wellness

Consumer Viewpoint

Trust in the industry's health and wellness has trended upwards

TRUST IN INDUSTRY'S HEALTH AND WELLNESS POSITION

■ Animal Proteins
● Plant Proteins





54% of consumers trust the opinion of **healthcare professionals** on information about the healthfulness of animal proteins



48% of consumers trust the opinion of **researchers at meat/poultry producer companies** about the healthfulness of animal proteins

Base: 1,459 consumers (Q3 2022)

Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

Image Source: Shutterstock

69% agree *It's important for restaurants and other foodservice venues to be transparent about what goes into their food*

63% agree *Restaurant brands that focus on “clean food” and “real ingredients” appeal to me*

62% agree *Retail food brands that use “clean food” and “real ingredients” appeal to me*

57% agree *I am increasingly concerned about the additives in the food I consume*

**Transparency
remains
important to
consumers**

**“Clean food”
and “real
ingredients
resonate**

Base: 1,500 consumers Q3 2022)

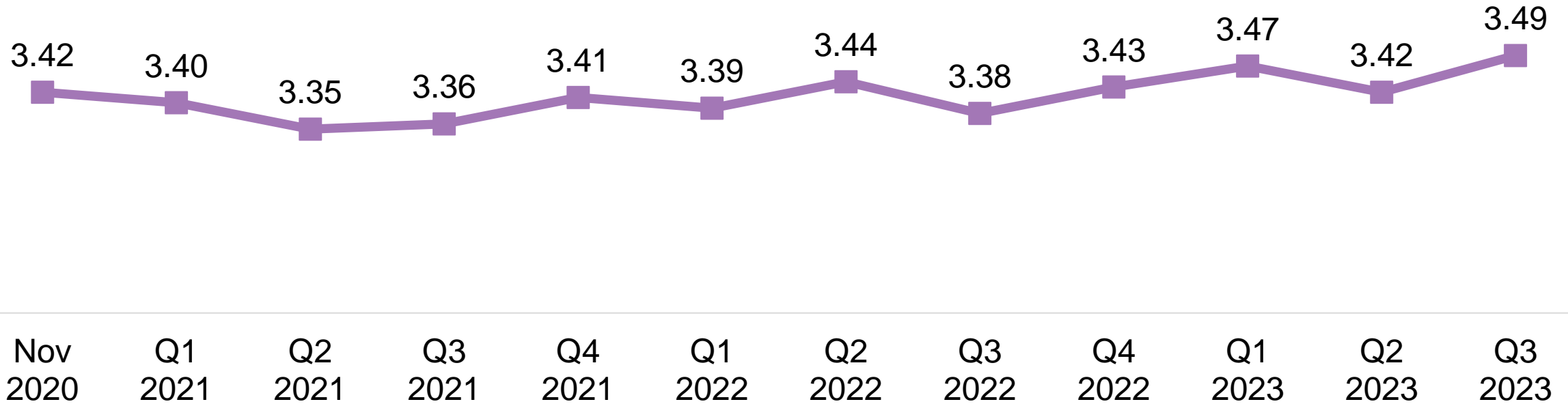
Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

Animal Welfare

Consumer Viewpoint

Animal welfare scores are stable

TRUST INDUSTRY ON ANIMAL WELFARE



Base: 500 (November), 1,467 (Q1 2021), 1,459 (Q2 2021), 1,471 (Q3 2021), 1,470 (Q4 2021), 1,461 (Q1 2022), 1,500 (Q2 2022) consumers, & 1,500 (Q3 2022)

Statistical significance at +/- 0.05

Note: Q1 consumer scores reflect an aggregate of January, February and March survey data; Q2 reflects April, May and June survey data; Q3 reflects July, August and September survey data; Q4 reflects October, November and December



64% of consumers agree that animal welfare is important to them in general

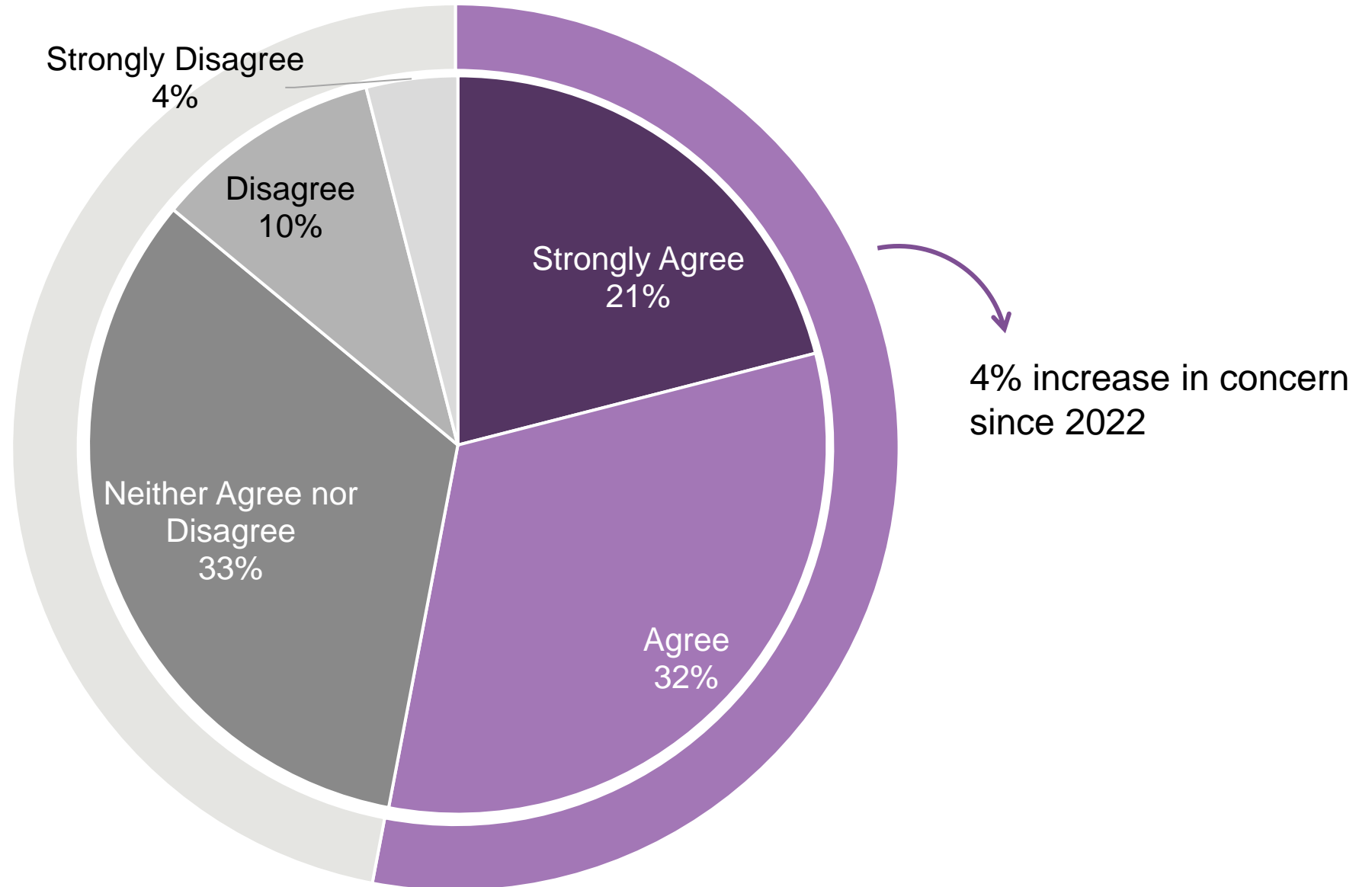
74% among 35-to-44-year-olds

Base: 1,459 consumers (Q3 2022)

Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

Image Source: Shutterstock

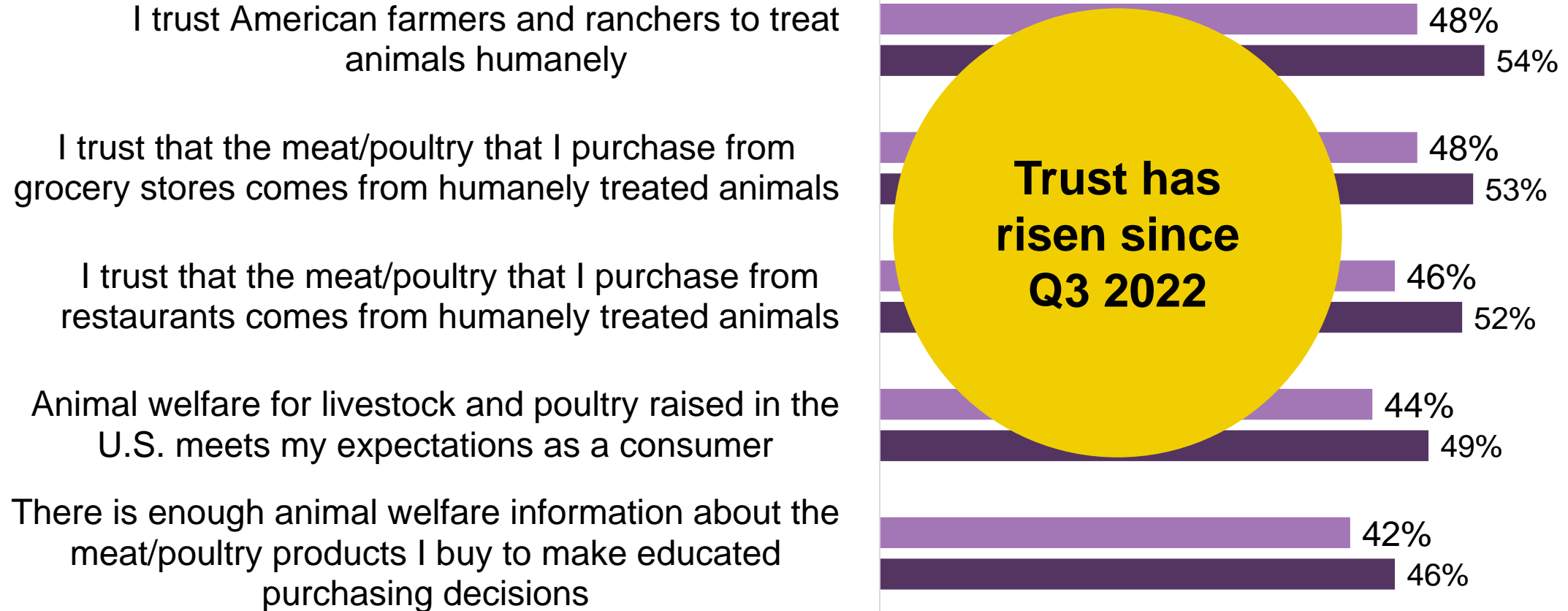
“ANIMAL WELFARE CONCERNS IN THE PRODUCTION OF MEAT PRODUCTS IMPACT MY FOOD PURCHASE DECISIONS”



Base: 1459 (Q3 2022) consumers
Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

KEY FOCUS AREA
TRUST IN INDUSTRY TO PROTECT ANIMAL WELFARE
(STRONGLY AGREE OR AGREE)

■ Q3 2022
■ Q3 2023




Base: 1,459 (Q3 2022) and 1,469 (Q3 2023) consumers

Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.



62% of consumers agree that animal welfare information should be shared on a brand's **social media**



57% of consumers agree that animal welfare information should be shared on **packaging** in retail

Base: 1,459 consumers (Q3 2022)

Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

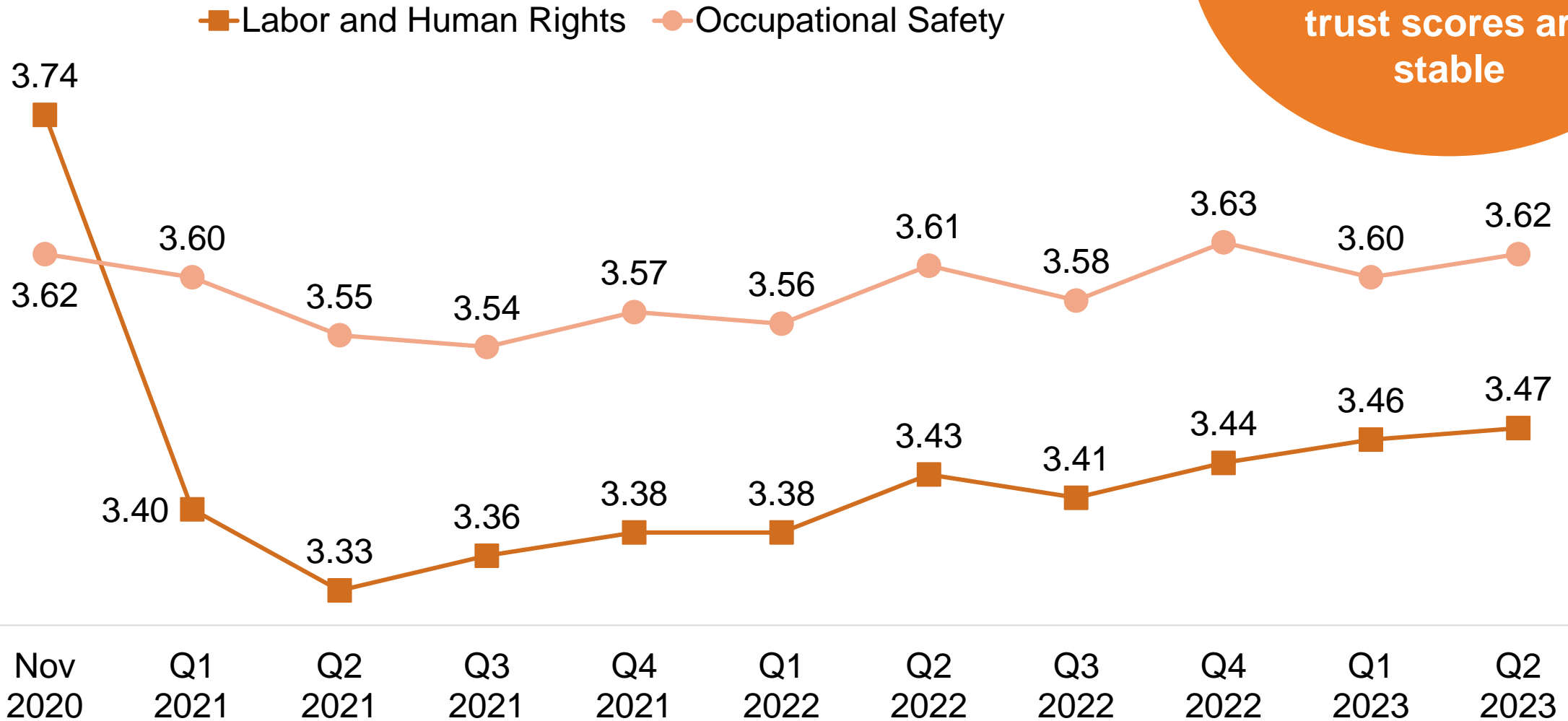
Image Source: Shutterstock

Labor/Human Rights & Occupational Safety

Consumer Viewpoint

TRUST IN INDUSTRY ON LABOR AND OCCUPATIONAL SAFETY

Labor and Occupational Safety trust scores are stable



Base: 500 (November), 1,467 (Q1 2021), 1,459 (Q2 2021), 1,471 (Q3 2021), 1,470 (Q4 2021), 1,461 (Q1 2022), 1,500 (Q2 2022) & 1,500 (Q3 2022) consumers

Statistical significance at +/- 0.05

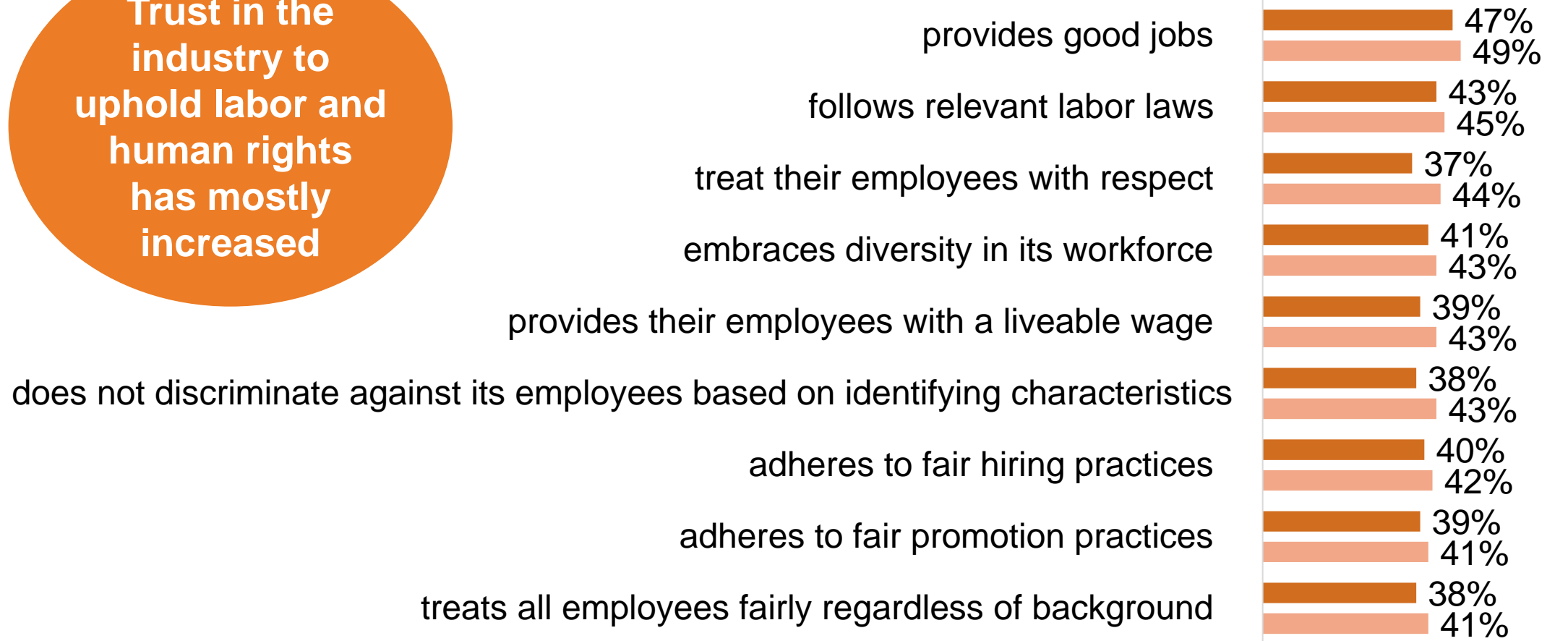
Note: Q1 consumer scores reflect an aggregate of January, February and March survey data; Q2 reflects April, May and June survey data; Q3 reflects July, August and September survey data; Q4 reflects October, November and December.

KEY FOCUS AREA—TRUST INDUSTRY TO SUPPORT DIVERSITY AND INCLUSION PERCEPTIONS (STRONGLY AGREE OR AGREE)

■ Q3 2022
■ Q3 2023

Trust in the industry to uphold labor and human rights has mostly increased

The meat/poultry industry...

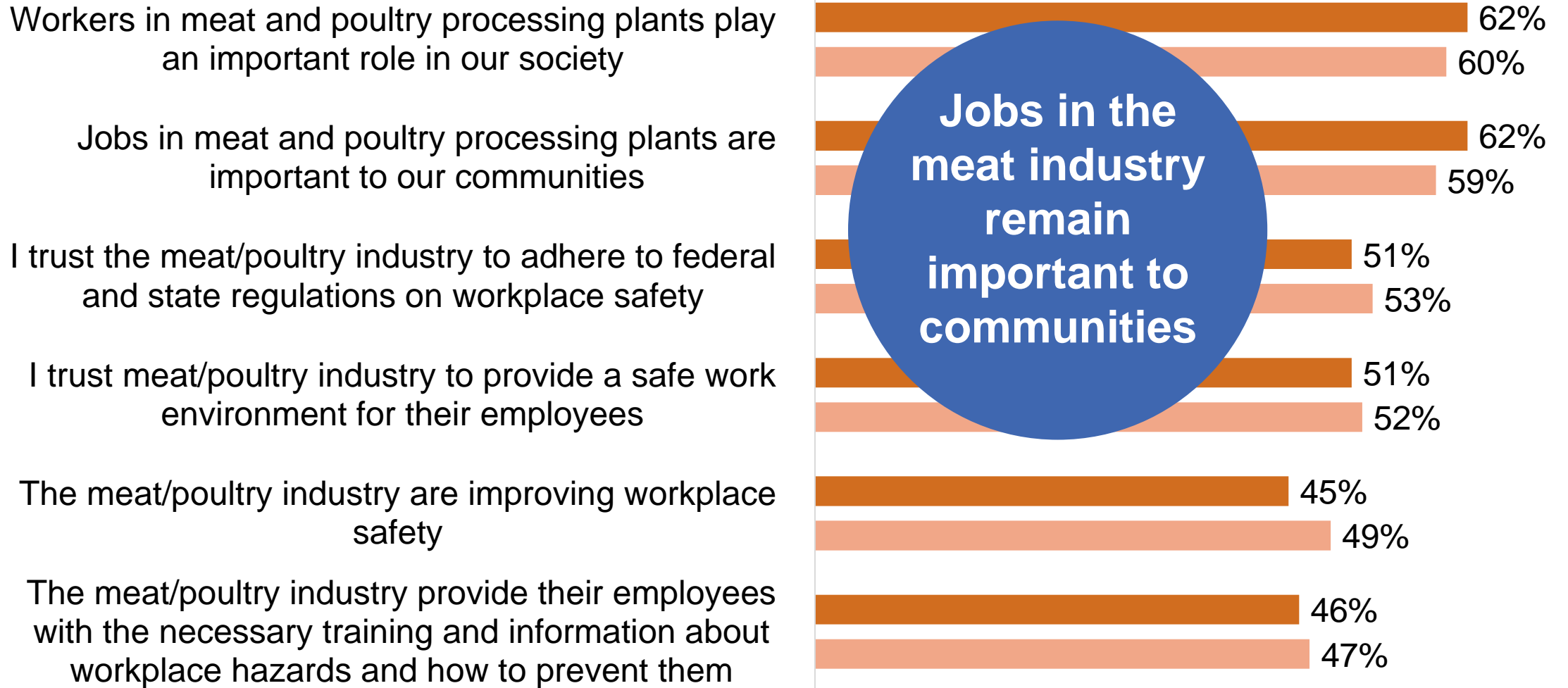


Base: 1,499 (Q1 2022) & 1,500 (Q2 2022) consumers

Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree. If you're unsure, please select "unsure/I have no opinion"

**KEY FOCUS AREA—TRUST INDUSTRY WITH OCCUPATIONAL SAFETY
(STRONGLY AGREE OR AGREE)**

■ Q3 2022
■ Q3 2023



Base: 1,499 (Q1 2022) & 1,500 (Q2 2022) consumers

Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree. If you're unsure, please select "unsure/I have no opinion"

Environmental Impact

Consumer Viewpoint

TRUST IN INDUSTRY'S ABILITY TO PROTECT ENVIRONMENT

Trust on the environment ticks up



Base: 500 (November), 1,467 (Q1 2021), 1,459 (Q2 2021), 1,471 (Q3 2021), 1,470 (Q4 2021), 1,461 (Q1 2022) & 1,500 (Q2 2022) consumers
Statistical significance at +/- 0.05

Note: Q1 consumer scores reflect an aggregate of January, February and March survey data; Q2 reflects April, May and June survey data; Q3 reflects July, August and September survey data; Q4 reflects October, November and December.

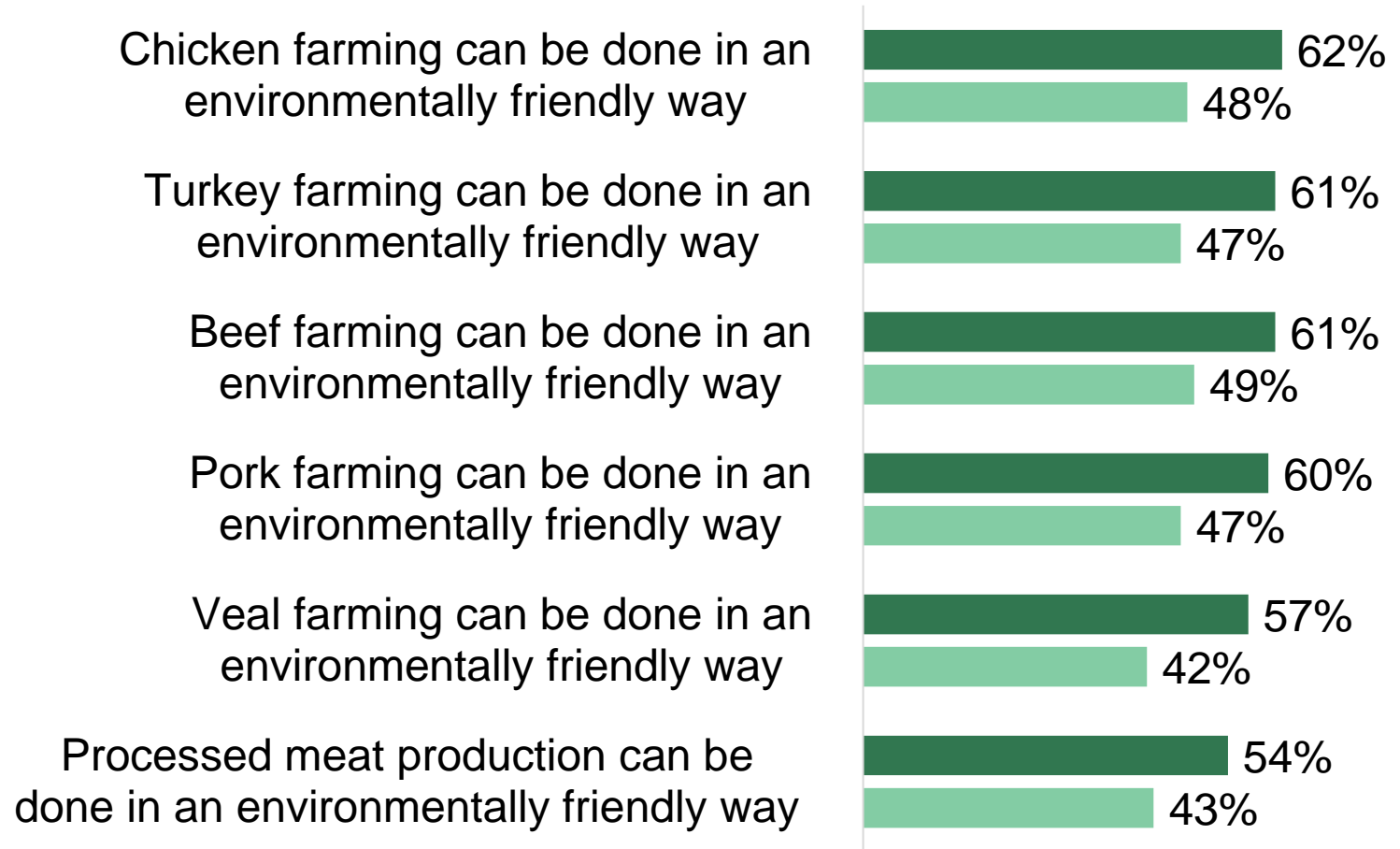
60% of consumers agree that meat/poultry farming can be done in an environmentally friendly way

51% agree that meat/poultry farmers/ranchers are working hard to limit their environmental impact

Base: 1,469 (Q3 2023) consumers
Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

KEY FOCUS AREA—TRUST IN INDUSTRY’S ABILITY TO PROTECT ENVIRONMENT (STRONGLY AGREE OR AGREE)

■ Can Be Done ■ Is Currently Being Done



CONCERN ABOUT IMPACT OF MEAT ON ENVIRONMENT PERCEPTIONS (STRONGLY AGREE OR AGREE)

54%

Food waste in regard to the meat/poultry industry is a big issue

53%

It is important to me that the environment is not negatively impacted because of the meat I eat

49%

I am becoming more concerned about the environmental impacts of meat production

42%

Animal farming negatively impacts the environment

39%

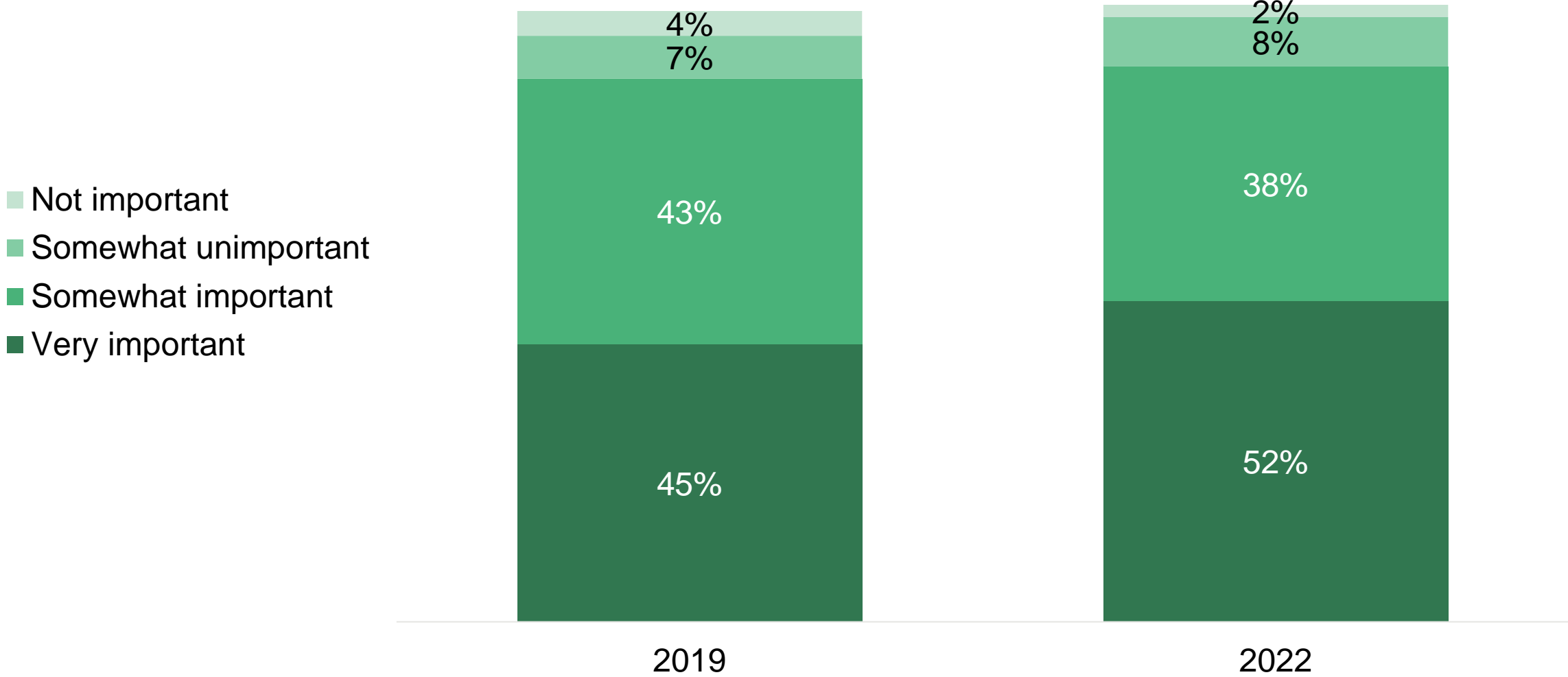
I am consuming less meat/poultry for environmental reasons

A majority say it's important that their meat consumption doesn't negatively impact the environment, but fewer are consuming less for environmental reasons

Base: 1,459 (Q3 2022) consumers

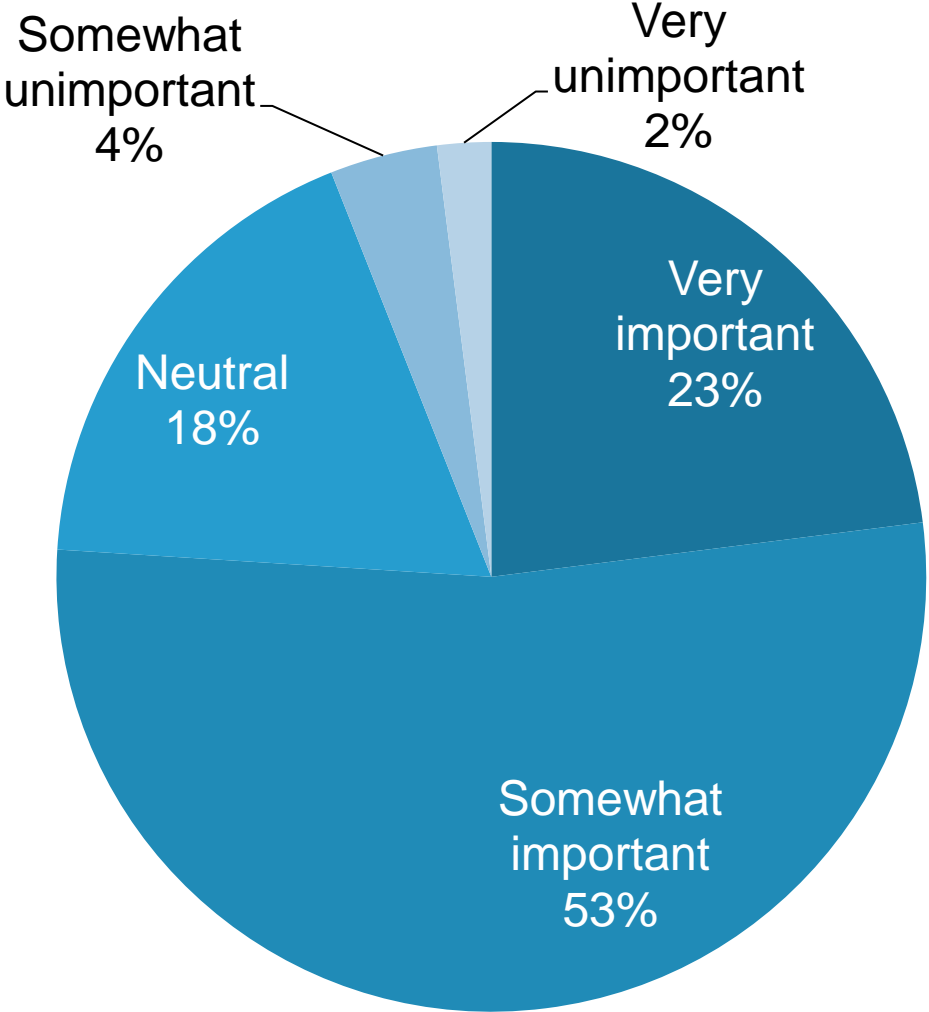
Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

IMPORTANCE OF SUSTAINABILITY AND CSR FOR OPERATORS



Base: 600 (2022) and 600 (2019) operators
Q: How important is sustainability and social responsibility to your operation today?
Source: Technomic 2022 CSR & Sustainability Multi

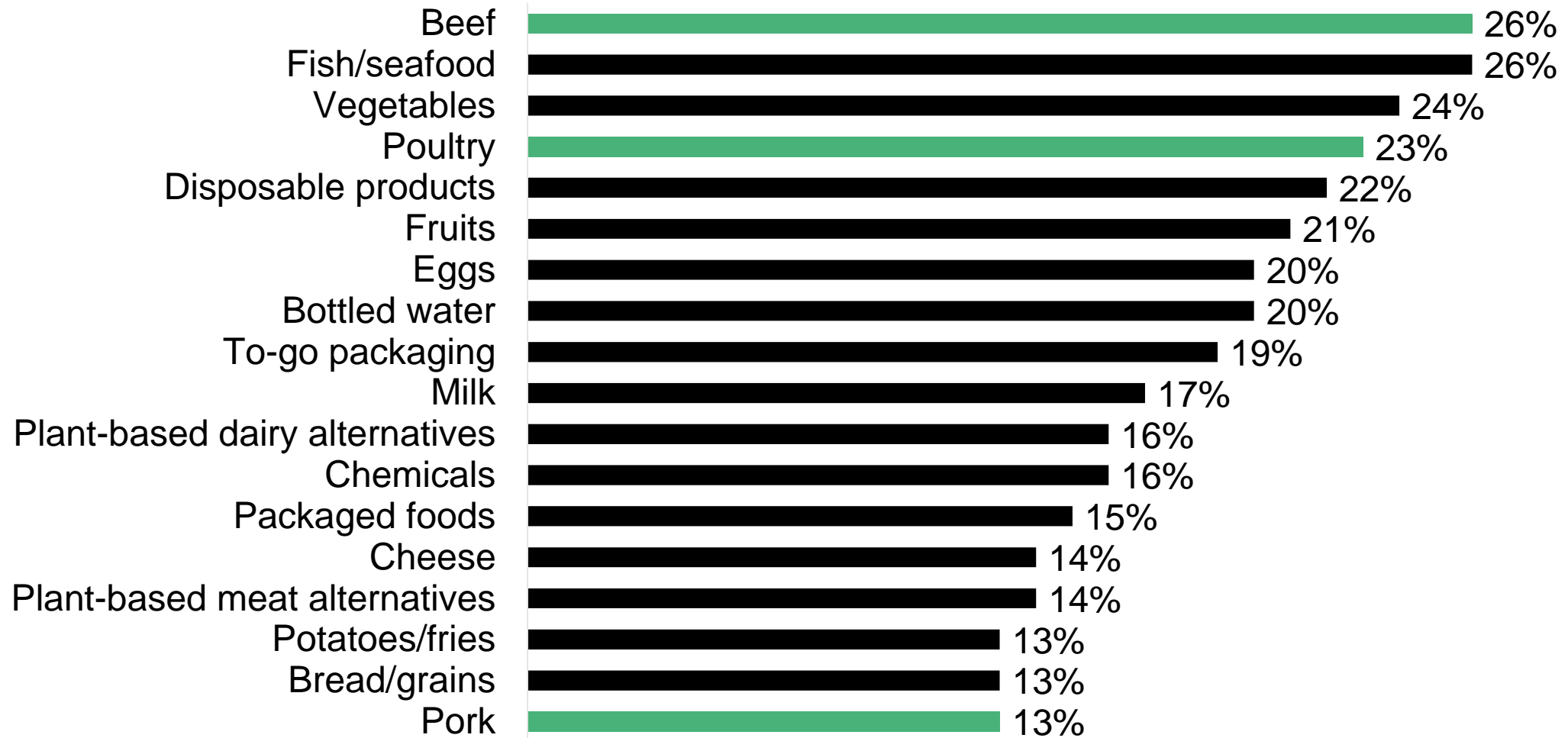
IMPORTANCE OF SOURCING MEAT/POULTRY FROM SUPPLIERS COMMITTED TO REDUCING THEIR IMPACT ON THE ENVIRONMENT*



Base: 650 operators

Q: Many businesses are committing to reducing their impact on the climate. How important is it for you to source meat and poultry from suppliers committed to reducing their impact on the environment?

PRODUCT CATEGORIES IN WHICH SUSTAINABILITY IS MOST IMPORTANT TO CONSUMERS

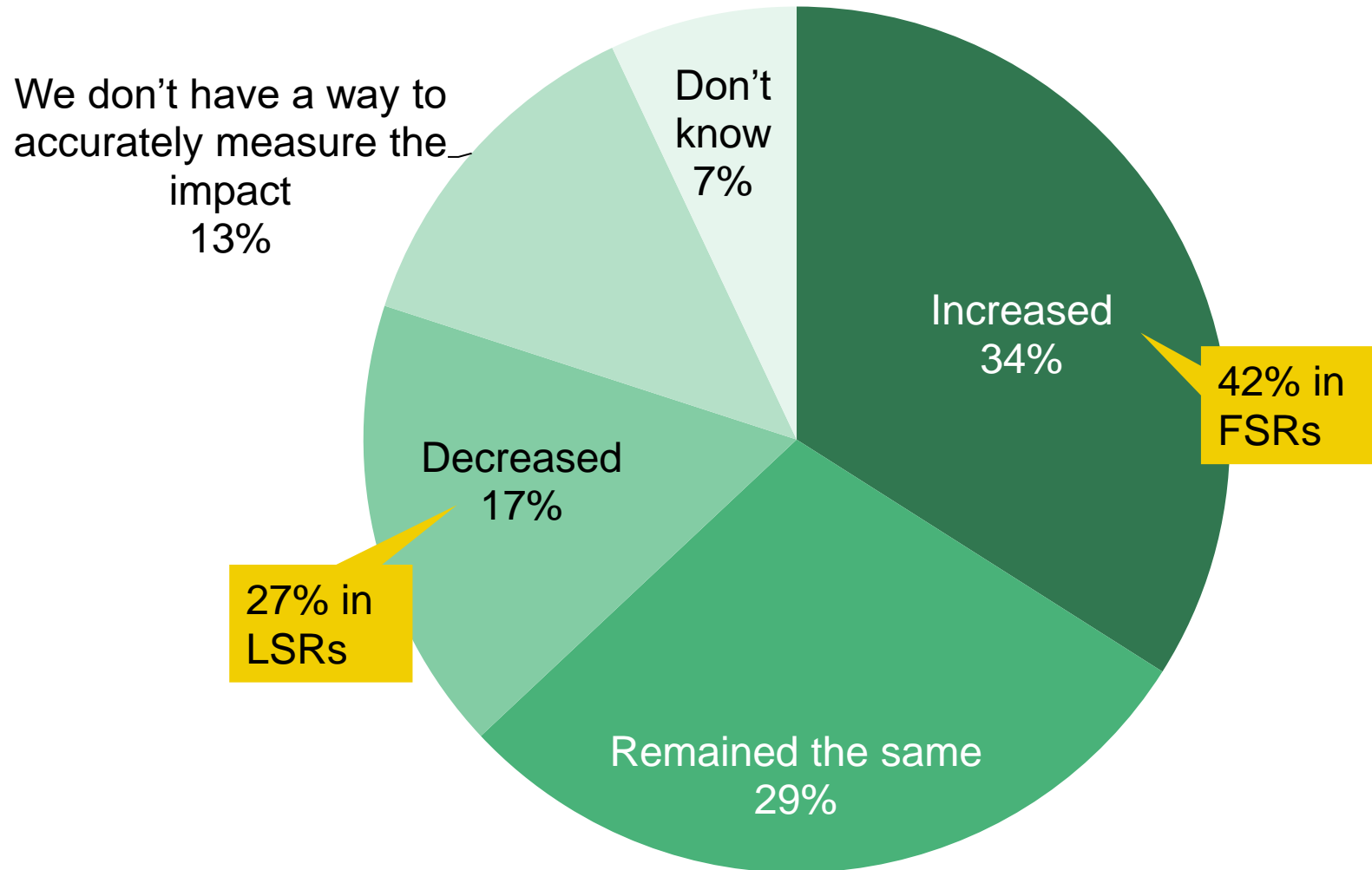


Base: 1,000 consumers

Q: In which of the below product categories is sustainability most important for you? Select up to six.

Source: Technomic 2022 CSR & Sustainability Multi

EFFECT OF AN OPERATION'S SUSTAINABILITY EFFORTS ON PROFITABILITY



Base: 590 operators for whom sustainability and social responsibility has any importance in their operation today; Varies by segment
Q: How have your sustainability efforts affected your operation's profitability?
Source: Technomic 2022 CSR & Sustainability Multi

7% of operators have made changes to their meat/poultry sourcing to reduce their environmental impact*

*Base: 650 operators

*Q: Have you made any changes to your sourcing of meat/poultry to reduce environmental impacts?

**Base: 46 operators who have changed their meat/poultry sourcing to reduce environmental impacts

**Q: What changes have you made in meat/poultry sourcing to reduce environmental impact? Please describe in detail.

***Source: Qualitative interviews

What changes have you made?***

*“We look at how the farms and processing companies are taking sustainability into the equation. Are they practicing land regenerative agriculture? Reducing carbon emissions is a priority, so we’re thinking about cutting down red meat specifically, and transitioning meat from mostly center-of-plate to meat as an accompaniment.” —C&U operator****

“Purchase as much local meat and poultry as possible.” —C&U operator

“Purchasing product from a local turkey farmer to reduce added costs and pollution from transportation.” —K-12 operator

“All ground beef is sourced locally. Building menus to utilize [items] from a local vendor also.” —C&U operator

“Taking careful inventory and analysis in buying food so we have less deliveries.” —Quick-service restaurant operator

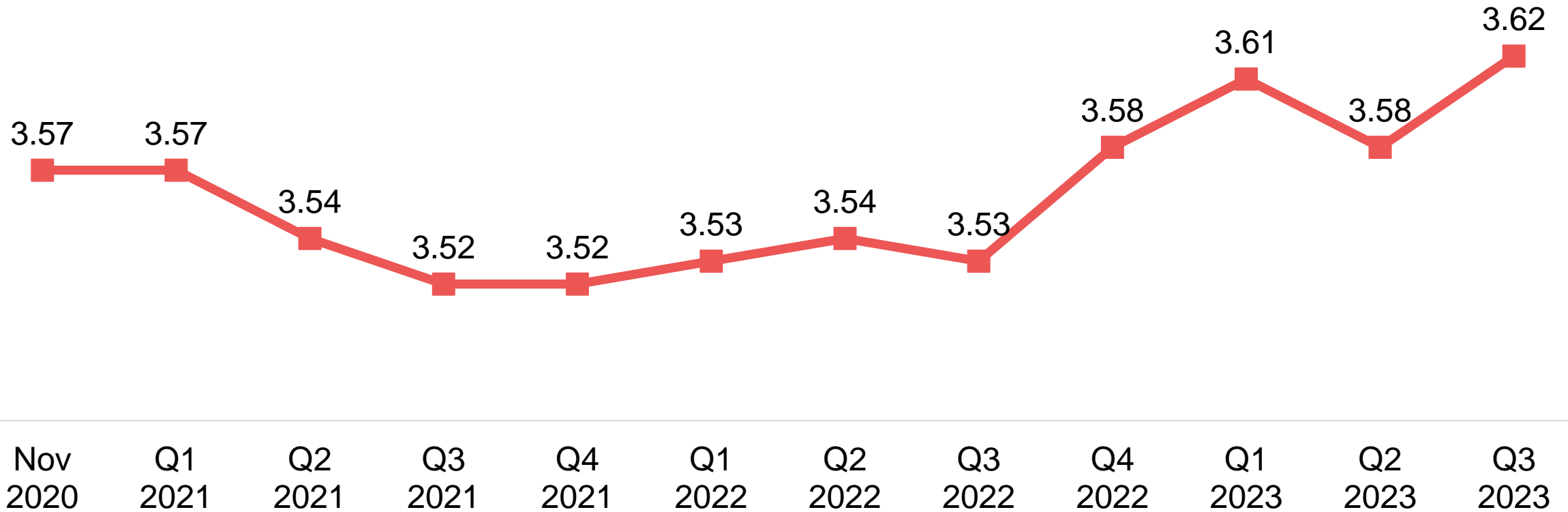
“Creating another warehouse for storage.” —C-store operator

Food Safety

Consumer Viewpoint

TRUST IN FOOD SAFETY

Food Safety trust score has increased in the past year





**56% of consumers trust
America's meat/poultry industry
to produce safe products**

**59% of consumers are
concerned about the future of
America's food supply**

**56% of consumers
agree meat/poultry
recalls impact future
purchases**

**53% of consumers believe the meat/poultry
industry does a great job preventing food
borne illness**

Base: 1,459 consumers (Q3 2022)

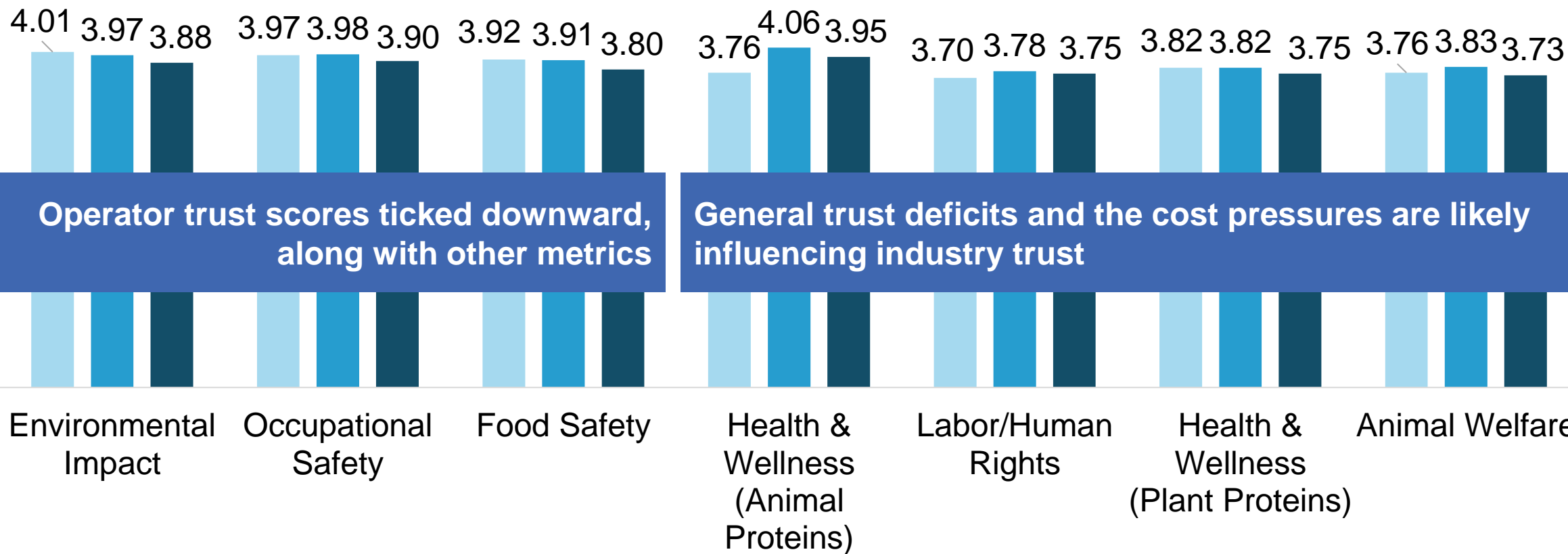
Q: How much do you agree or disagree with the following statements? Please indicate on a scale of 1-5 where 1=strongly disagree and 5=strongly agree.

Image Source: Shutterstock

Operator Protein Purchasing

OPERATORS AVERAGE TRUST SCORE

January 2021 April 2022 May 2023



Operator trust scores ticked downward, along with other metrics

General trust deficits and the cost pressures are likely influencing industry trust

1-5 scale: 1=very low trust, 5=very high trust
 Statistical significance at +/-0.05

Note 2: Operator scores reflect data collected from surveys fielded December 2020-January 2021, and March-April 2022 and May 2023

13% of operators have had a meat supplier cut back or cancel their contract in the past year*

Down from 32% in 2022

*Base: 650 operators *Q: Have you experienced your meat supplier(s) cutting back or canceling your contract in the past year?

**Base: 86 operators who have experienced their meat supplier(s) cutting back/cancelling their contract in the past year

**Q: How did you respond to your meat supplier(s) cutting back or cutting off your meat/poultry supply?

How did you respond?**

“Look for another supplier and product that matches.”

—C&U operator

“Limited menu items until we could get a handle on volume of supply and timeliness.”

—C-store foodservice operator

“We had to change our menu and make our portion sizes smaller.”

—Casual-dining restaurant operator

“1. Used other suppliers; 2. Purchased at local meat outlets, grocery, etc.; 3. Adjusted menu options based on what was available.”

—Fine-dining restaurant operator

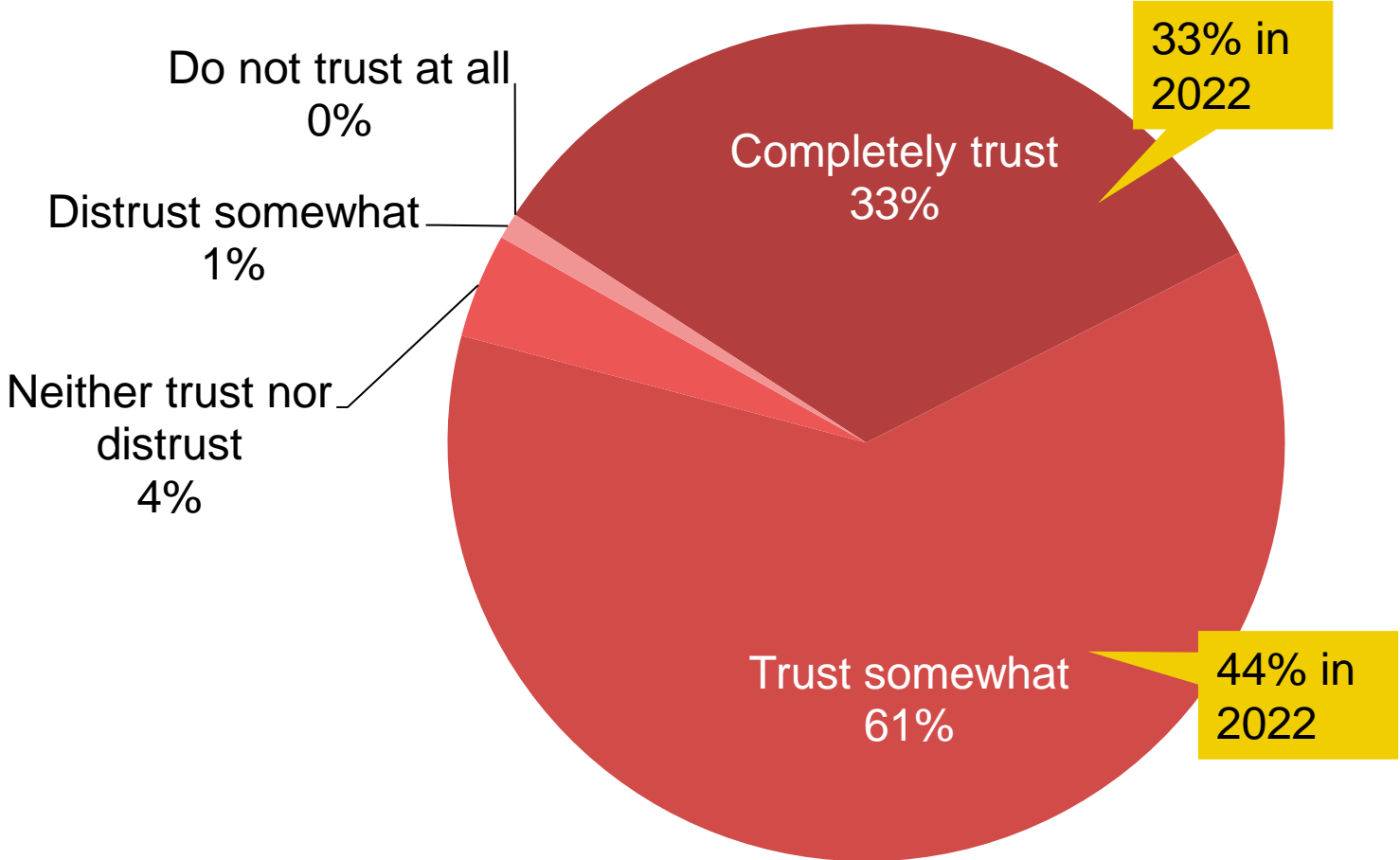
“Working with more suppliers, which is not ideal.”

—Supermarket foodservice operator

“Buying more at Sam's Club to offset supply issues.”

—C-store foodservice operator

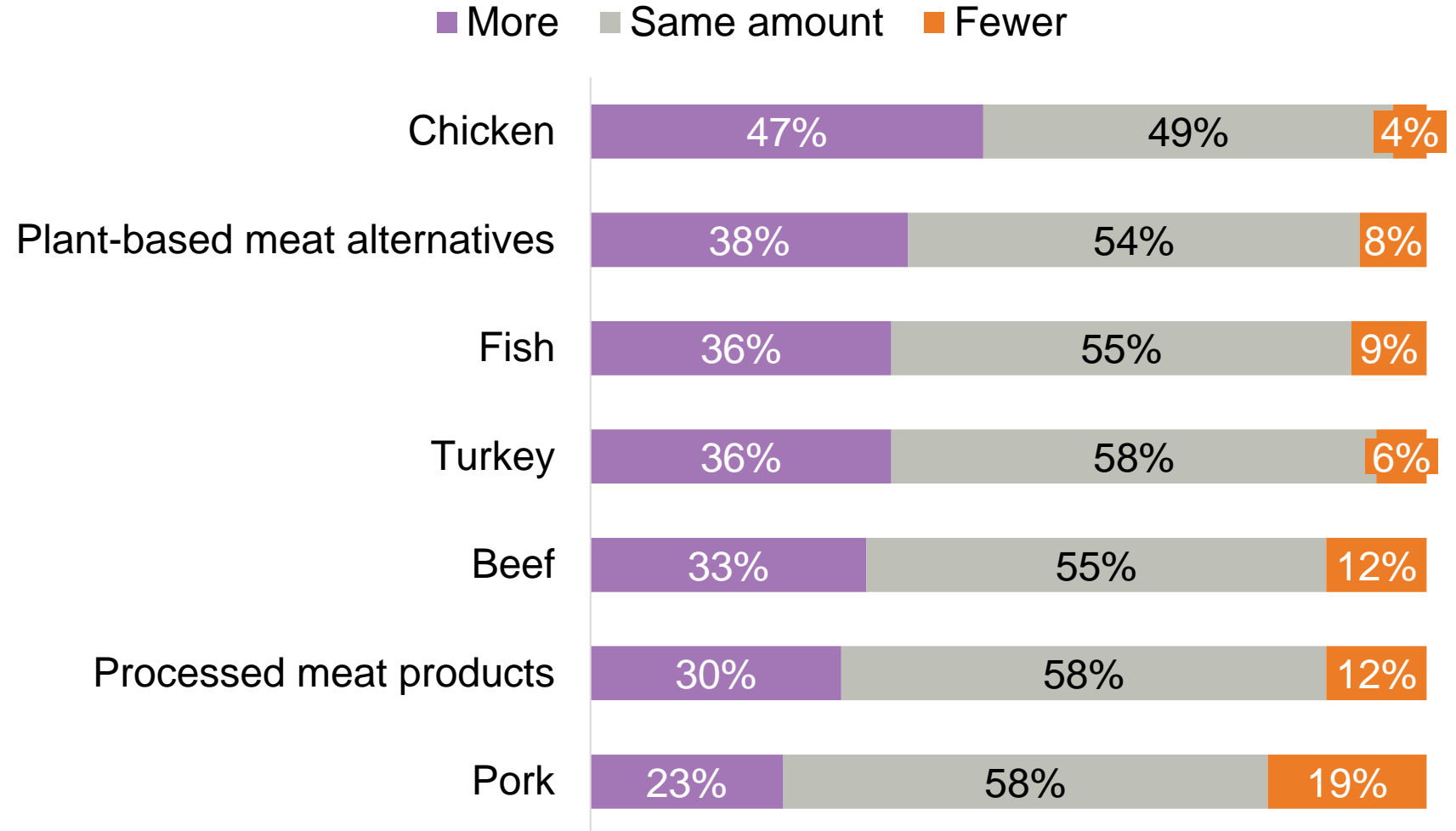
TRUST IN MEAT SUPPLIERS ABILITY TO FULFILL ORDERS



Base: 650 operators
Q: How much do you trust your meat supplier(s) to fulfill your orders and provide the necessary volume of meat/poultry products on a consistent basis?

Chicken and plant-based protein menu items on the rise

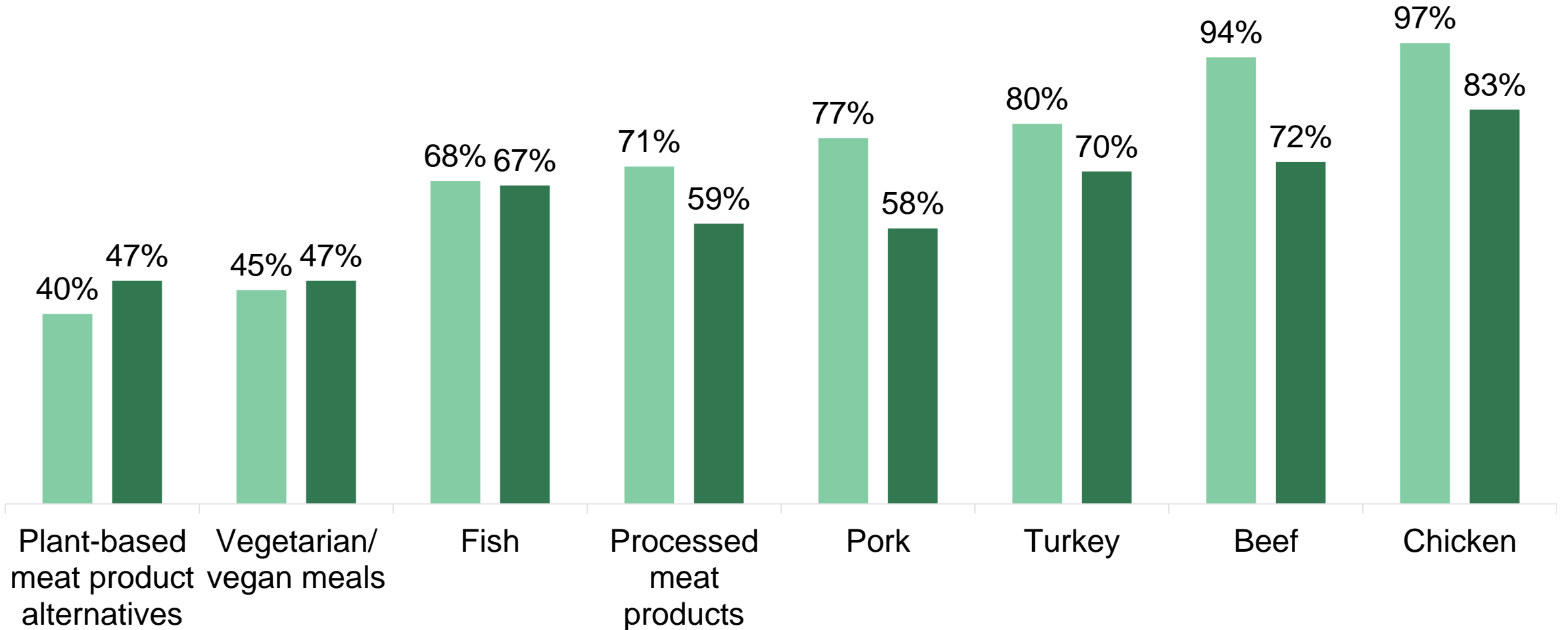
CHANGE IN THE NUMBER OF MENU ITEMS COMPARED TO ONE YEAR AGO



Base: Varies by protein type
Q: Compared to one year ago, would you say that you are offering more, fewer or the same amount of menu items that feature the following?

PERCENT OF OPERATORS WHO CURRENTLY SERVE PROTEIN

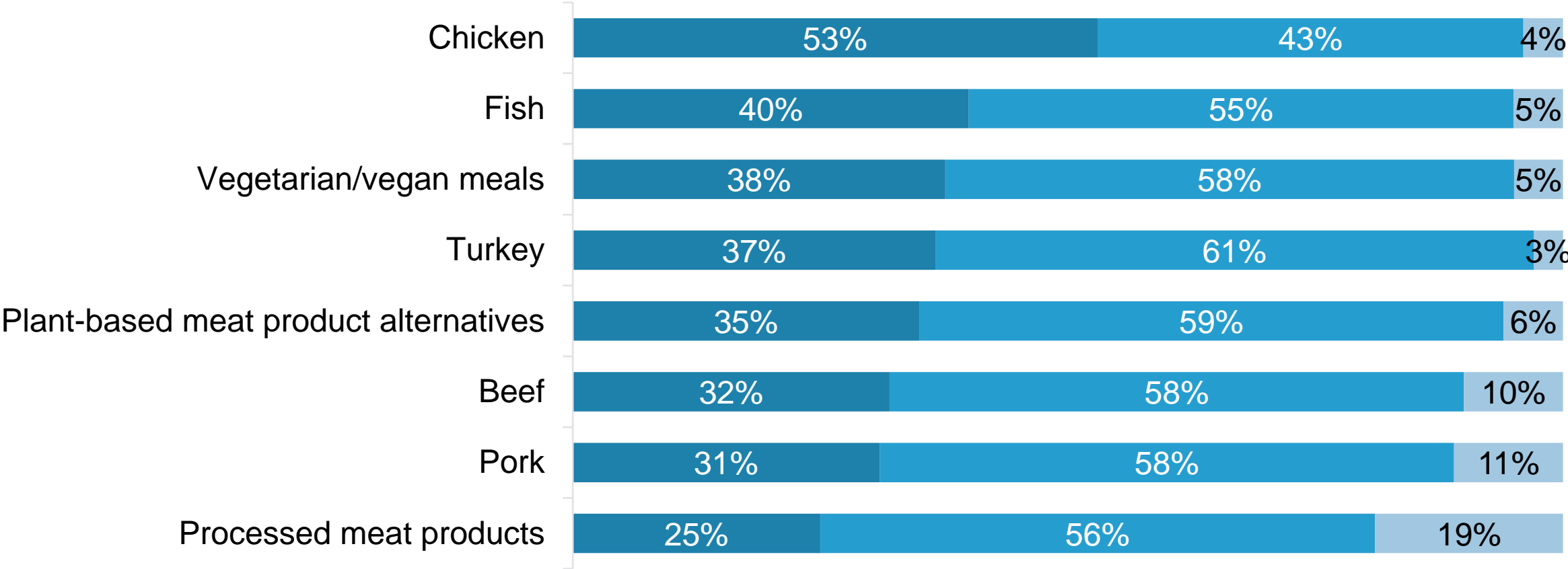
■ 2022 ■ 2023



*Base: 650 operators*Q: Which of the following do you serve at your operation? Select all that apply.

CHANGE IN VOLUME OVER THE NEXT YEAR

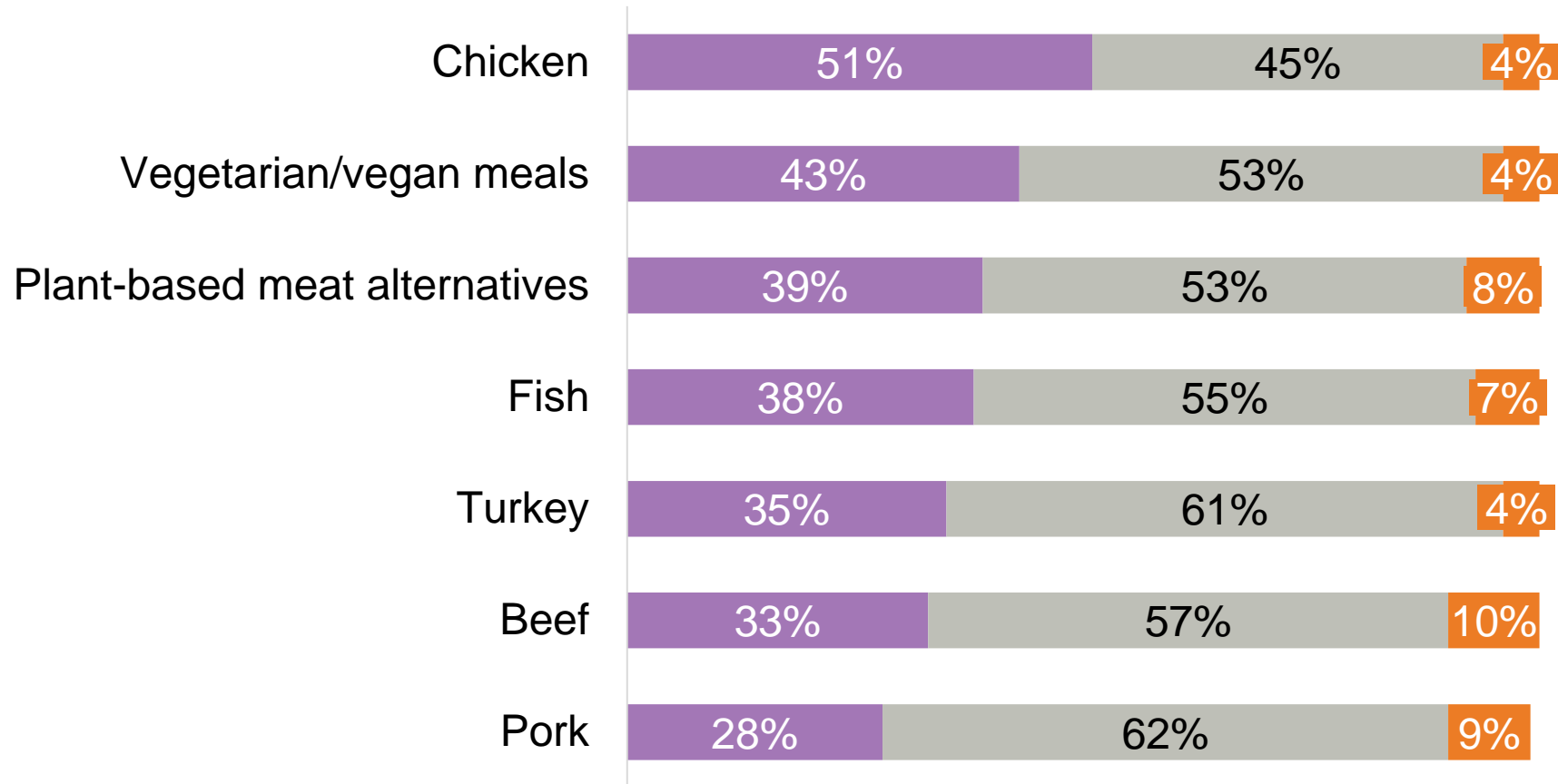
■ We will use more ■ We will use the same amount ■ We will use less



Base: Varies by protein type**Q: In terms of volume, how do you think your use of the following items in your operation will shift over the next year?

CHANGE IN CUSTOMER DEMAND OVER THE NEXT YEAR

■ Increase ■ Stay the same ■ Decrease



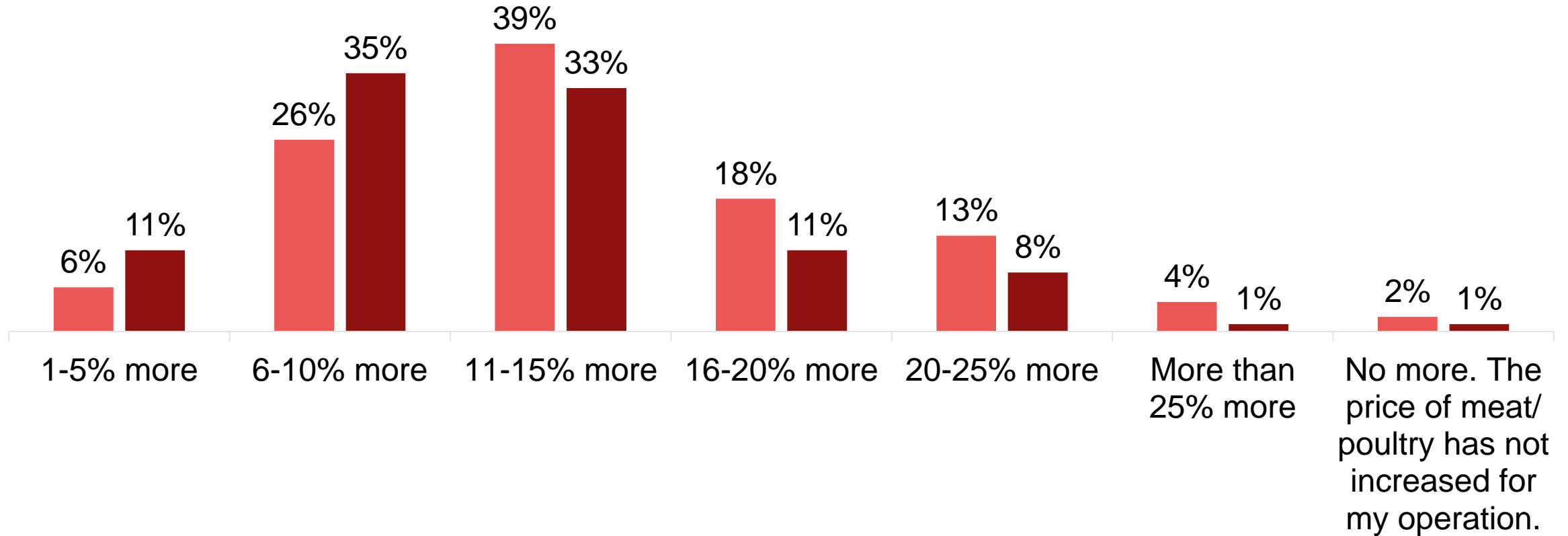
Demand for chicken and plant-based meat alternatives expected to grow



Base: Varies by protein type
Q: How do you see customer demand of the following items shifting in the next year?
Image Source: Shutterstock

CHANGE IN MEAT/POULTRY SPEND COMPARED TO A YEAR AGO

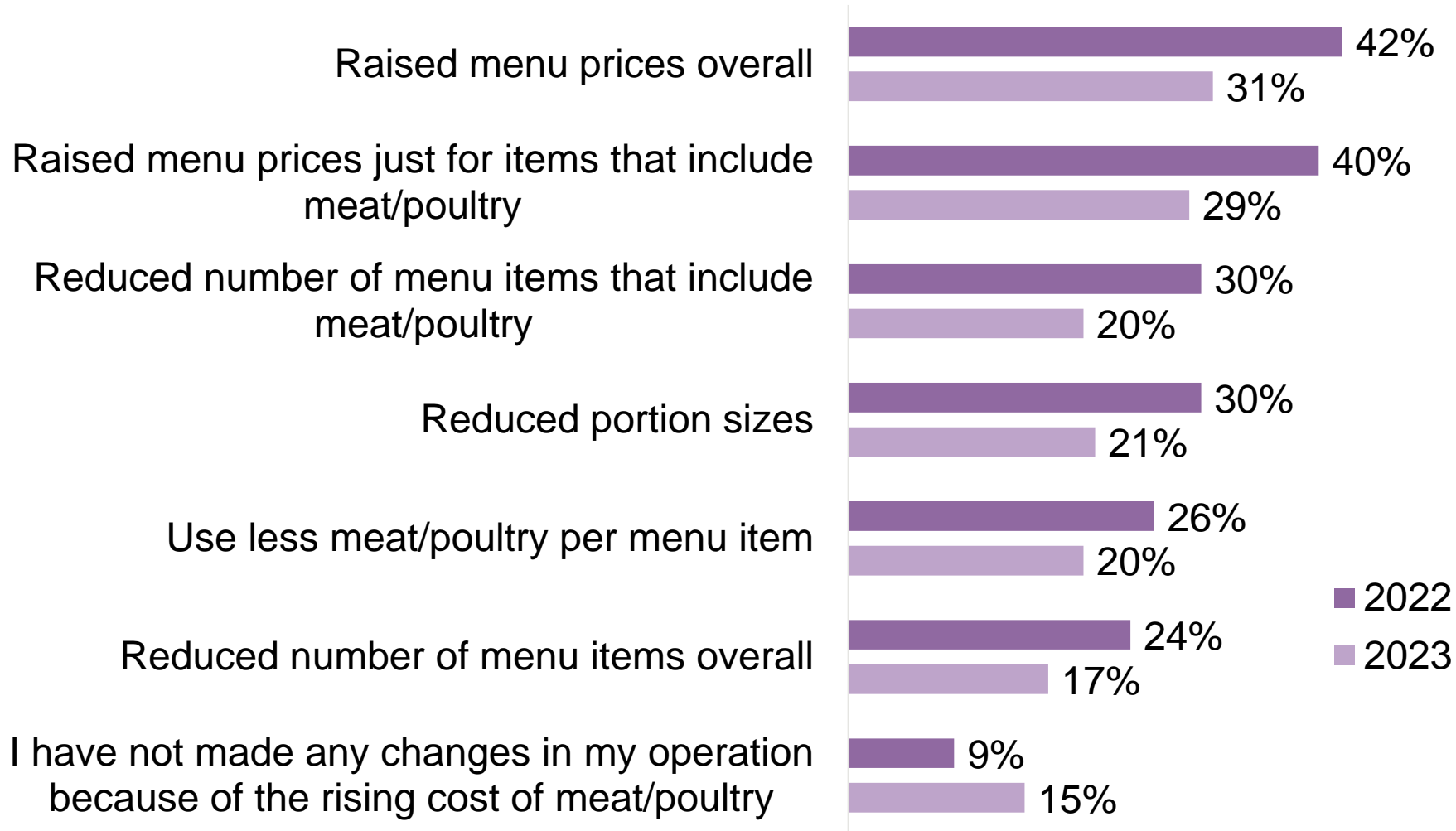
■ 2022 ■ 2023



Base: 650 operators

Q: Thinking about rising food costs, how much more are you spending on meat/poultry now than you were 12 months ago? Please consider cost per unit, not overall costs due to increased volume.

ACTIONS TAKEN IN RESPONSE TO RISING MEAT/POULTRY COSTS



Fewer operators report passing some high protein costs onto customers

Base: 638 operators in 2022 and 642 operators in 2023 who have experienced rising meat/poultry costs
 Q: What actions, if any, have you taken in response to rising meat/poultry costs? Select all that apply.

FINAL THOUGHTS

**Trust in institutions
has declined
dramatically and
has stayed low**

Trust in the meat industry remains steady

- Improvements continue in the net active supporter groups across pillars
- Increasing trust in each Focus Areas will increase purchases
- Millennials, families with children remain connected to the industry
- Younger consumers remain a risk
- Operators are more trusting than consumers, but still feel the sting from supply and inflation

Questions?



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Since 1966, we have produced in-depth research focused on the foodservice industry.

We provide insights into consumer, industry and menu trends in the U.S., Canada and 23 countries around the world.

Our team of experts helps leaders in the industry make complex business decisions, set strategy and stay ahead of the curve.

Have questions?

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