Circana: State of the Meat Industry

National Provisioner Webinar

November 2024

Today's discussion

01 Current Consumer Market:
Key Facts & Noteworthy News

02 State of Sales Update:
Total Sales and Protein Focus

03 Trend Spotter:
Reshaping the Meat Department

*New! This update includes the expanded **MULTI-OUTLET +** Total US which has been increased to include actual POS data from more outlets than ever before for fresh and beyond!*

SECTION 01

Current Consumer Market

Key Facts and Noteworthy News

Perception is U.S. consumers' reality

Agree food costs too much; differ on what to do about it

94%

of all households are **concerned** about food cost inflation as of June 2024- similar across income levels; highest among **Rural, Large HHs and Millennials**

87%

Say they've seen prices increase in recent months, despite the actual ARP down- **+10 pts from Dec 2023**

82% Making one or more changes due to increased grocery prices, -3 pts in one month

88% of shoppers age 33 and younger

49%

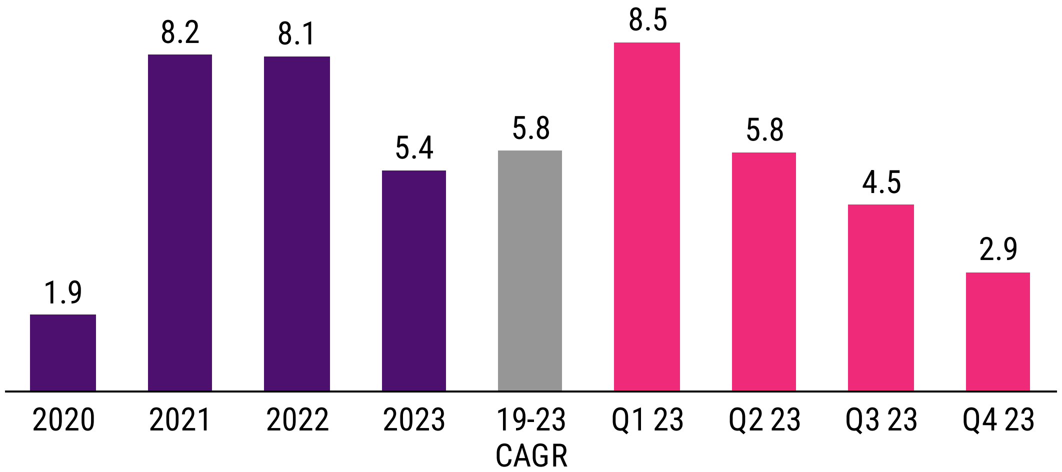
Millennials (under age 42) made cut-backs due to food cost vs. only 34% of Boomers (59-77)

Source: Circana Monthly Primary Shopper Surveys, through June 2024

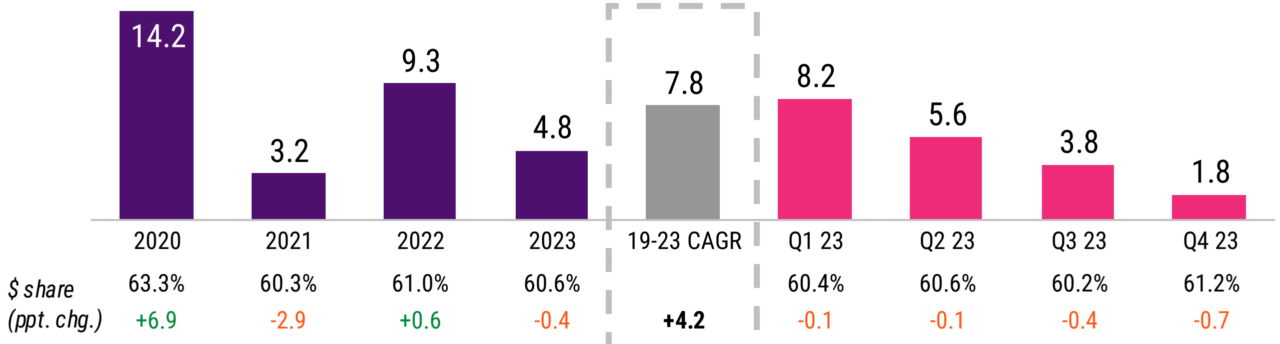
Food sales remain shifted more to food-at-home

But foodservice dollars outpaced in 2023

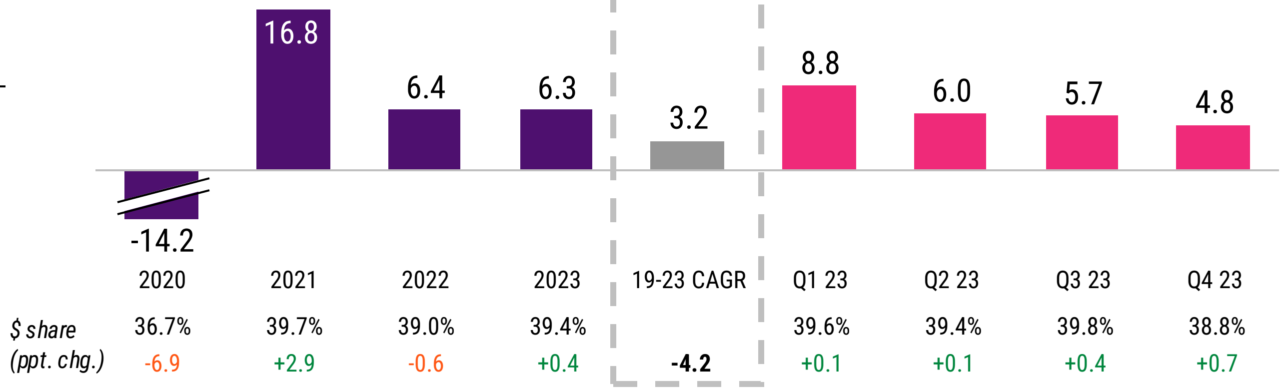
Total U.S. Food & Beverage | 2023 Sales: $1,646B



Retail / At-Home | 2023 Sales: $998B



Foodservice / Away-From-Home | 2023 Sales: $648B



Complete F&B Market Growth Trends 2019 – Current/ $ Sales, % Change vs. YA; Note: Retail measured by POS channels, as defined as MULO+ with Conv. Includes fresh foods. Foodservice sales based on consumer data, excluding tips. Foodservice excludes bars/drinking places accounting for ~$250B. Source: Circana POS and consumer data ending 12/23.

86% of meals are sourced from home

However, shifting needs throughout the day causes this to fluctuate

% Meal Occasions Sourced from Home/Retail

87%	76%	81%
Breakfast	Lunch	Dinner

Sources: Circana, National Eating Trends®, CREST®, YE Feb. 2024

Dinner has also changed — shifting low-prep

In-home prepared dinner continuum (with forecast):

No Prep	Fast Dinner Fix	Simple, Everyday Dinner	One Dish	Invested Dinner	Time Intensive
7% (+)	41% (+/-)	17% (+/-)	16% (+)	13% (+)	5% (+/-)

Shorter time involvement — **Longer** time involvement

Each of these in-home dinner formats **reflects a combination of trade-offs** consumers make to get dinner on the table.

Source: Circana, National Eating Trends®, YE Feb 2024
Sourced from home/retail and consumed in home, as cited in the Circana Future of Dinner study, May 2024

Generations are eating differently

% of Eatings When Need State is Favorite Routine, Yummy, or Reward Me

Year Ending Sept 2023 vs. 2018 Change vs. YA







Gen Alpha	Younger Gen Z	Older Gen Z	Younger Millennials	Older Millennials	Gen X	Boomers
2013 – cur 2 years	Born 2006 – 2012	Born 1997 – 2005	Born 1990 – 1996	Born 1981 – 1989	Born 1965 – 1980	Born 1946 – 1964
15.2%	**13.9%**	**8.5%**	**7.3%**	**8.8%**	**19.4%**	**23.7%**
+8.2% pts	+0.4% pts	-6.4% pts	+1.2% pts	-0.7% pts	+2.0% pts	-2.6% pts

Source: Circana, SnackTrack®

Consumer Cross-Currents

Major themes influencing food and beverage consumption behavior

Food Affordability

Inflation remains the main driver of consumer purchase behavior. Even as inflation rates are moderating, higher prices that affect the cost of living have depleted buying power and led to increasing levels of consumer debt and default

Health-O-Nomics

More than before, economic factors are influencing how consumers participate in health and well-being; hence “healthonomics.” Many consumers are choosing foods with “permissible” attributes that don’t come with a premium price.

Home-Centric Reset

The pandemic recovery narrative has settled into a new reality where food and beverage consumption at home remains central to daily life. Mobility related gains from away-from-home consumption are nearing maturity.

Daypart Distribution

Breakfast, lunch, and dinner will always describe the majority of our consumption occasions. But how these meals are composed, the times of day they occur, and where we source them are evolving to fit our new rhythms of the day.

Snackification

Snack foods continue to be a more prominent part of our consumption behavior as they become relevant at more occasions and serve more purpose in our pursuit of both wellness and indulgence

Functional Fluids

Beverage occasions continue to rise as manufactures innovate to meet emerging consumer needs. Beverages today meet multiple function needs including hydration, energy, and nutrition

**Volume Sales were utilized, otherwise Department is in Unit Sales.*
Source: Circana 2024 Eating Patterns of America.

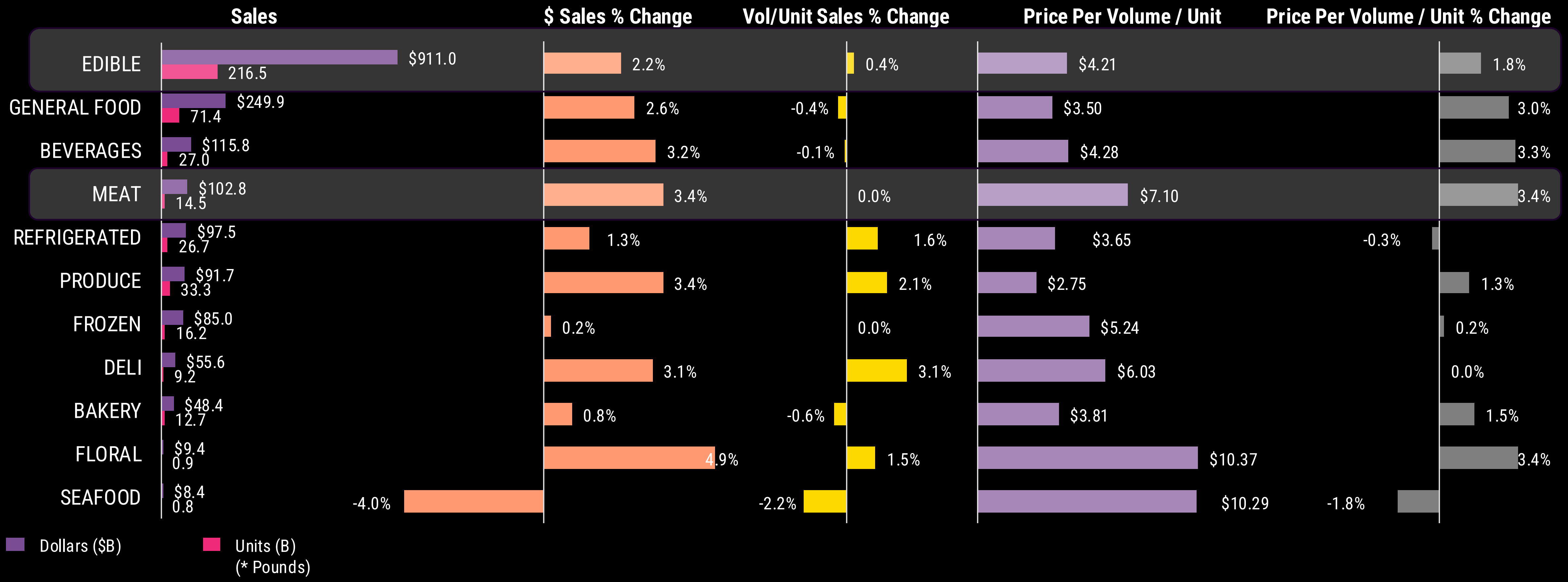
SECTION 02

State of Sales Update

Total and Protein Focus

Uneven Performance in Food / Bev at Retail

While inflation colors everything, evolving shopper needs mean price/demand not always directly correlated



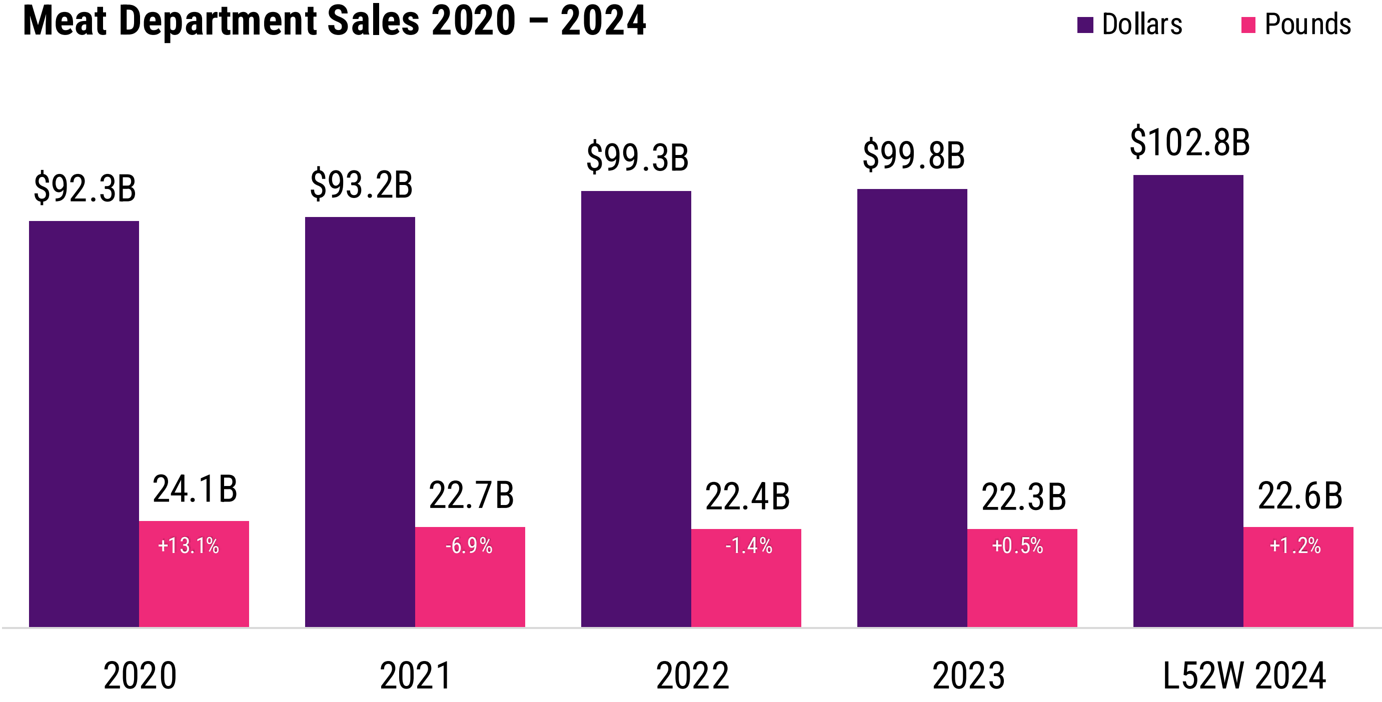
Source: Circana Integrated Fresh, Mulo+, L52 9/8/24.

**Meat Dept excludes FZ Poultry – that falls in FZ Dept

Revitalized performance for the Meat Department

Boosted by a combination of mild price increases and strong everyday and holiday demand for meat and poultry, the world has turned home-centric

Meat Department Sales 2020 – 2024



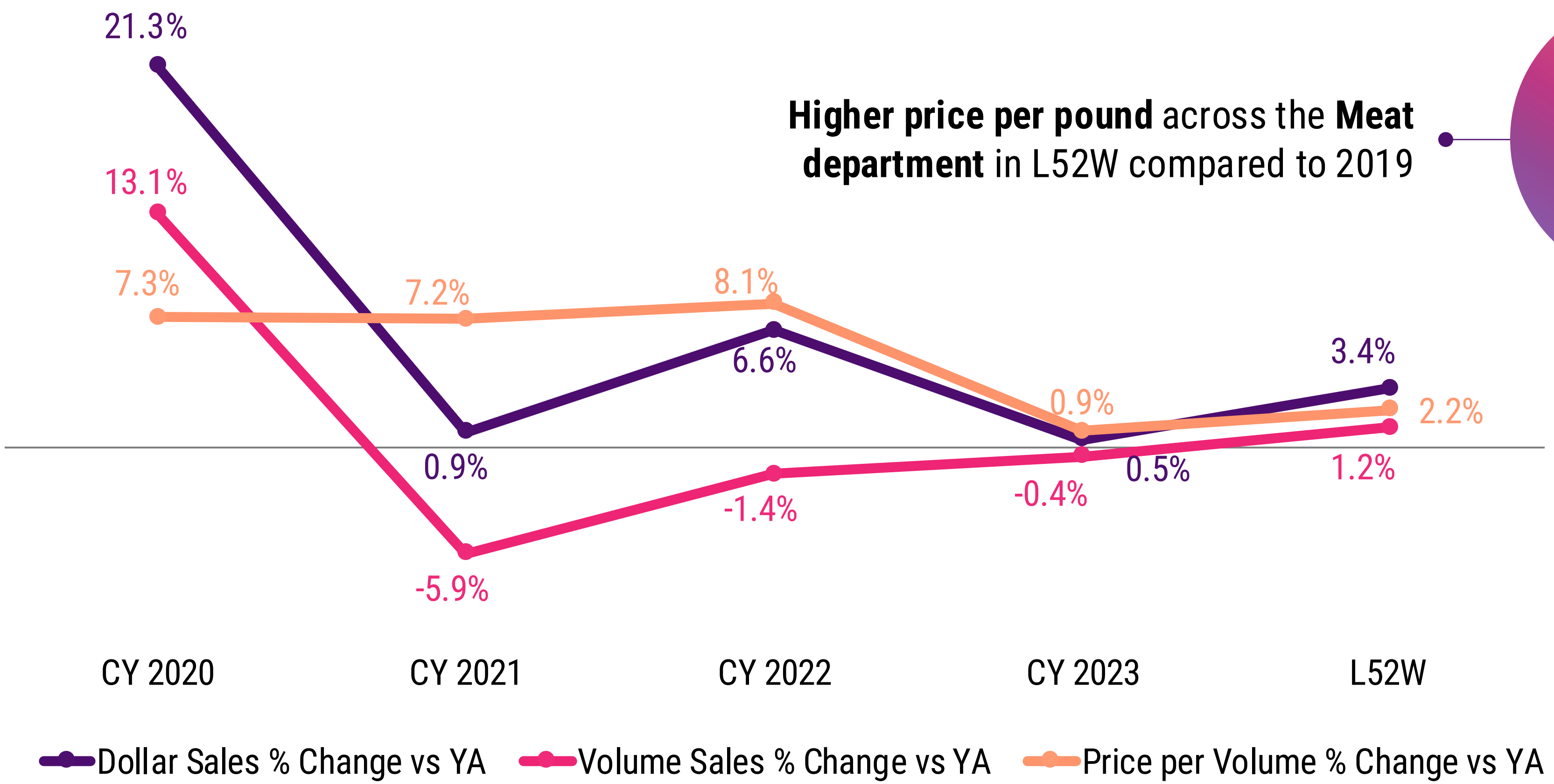
Average Price Per Unit

Total Food & Beverages
$4.21| +1.8% vs. '23

Meat Department
$7.10| +3.4% vs. '23

Circana, Integrated Fresh Market Advantage MULO+ CY 2019 - L52W ending 9.08.2024

Meat department inflation moderating



Higher price per pound across the **Meat department** in L52W compared to 2019

33%

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Circana, Integrated Fresh Market Advantage MULO+ CY 2019 - L52W ending 9.08.2024.

Consumers have altered Meat consumption

The majority buy less and/or buy differently; Generational differences in decision factors are clear

76%

Made **1+ change** to their **meat/poultry purchases**

Changes made to the meat/poultry purchase in the past year affect:

- **54%** How Much
- **43%** What Cuts
- **39%** Where
- **45%** What Kind
- **40%** What Brands

Top 5 Meat purchasing decision factors

01	Product quality/ appearance	62%
02	Price per pound	61%
03	Total package price	52%
04	Brand	22%
05	Nutrition	19%

Emphasis by Generation:

Gen Z

- Brand
- Nutrition
- Mood

Boomers

- Quality
- Price per pound
- Package price

Circana 210 Analytics: The Power of Meat 2024.

Meat Dept. gained dollar share in Mass / Super, Discount Grocery channels

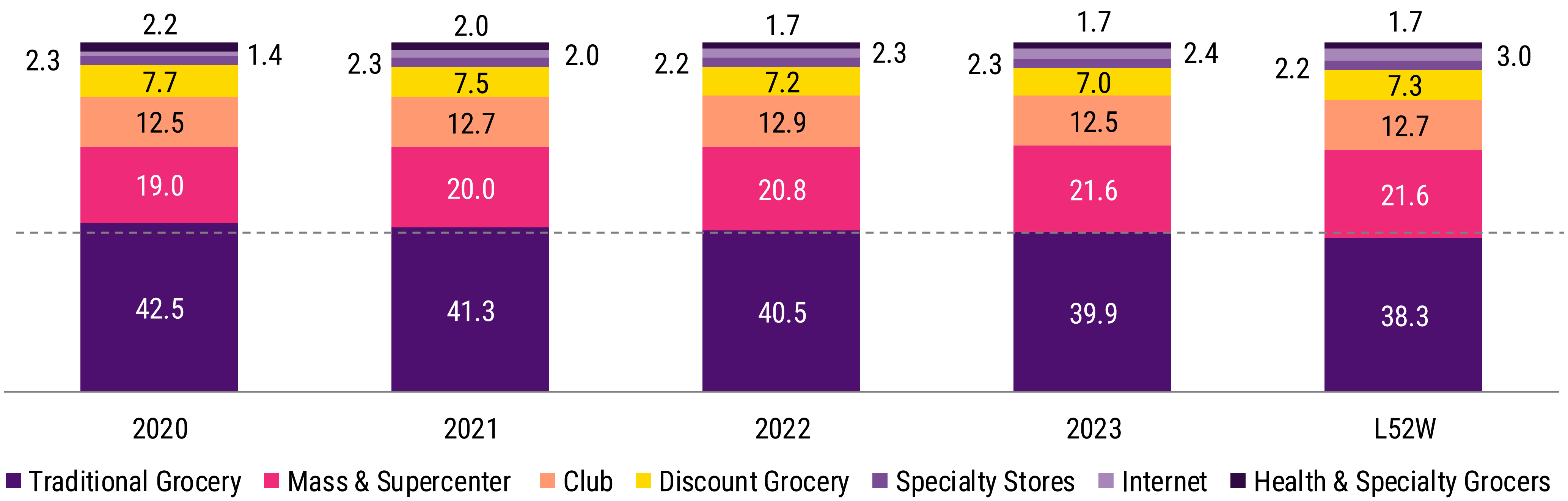
Meat Dept. | Dollar Sales and Share of Channels

$ Share Shifts vs. 2020

Internet
+1.6pts

Mass/Super Center
+2.6pts

Traditional Grocery
-4.2pts



Source: Circana, Integrated Fresh Scan Panel Meat Dept total U.S by outlets WE 9/8/2024.

Meat Department consumers are spending more per trip and increasing trips

Consumer Dynamics Meat Department

% HH Buying	$ Sales % Change vs. YA	Dollars Per Buyer	Volume Per Buyer	Trips Per Buyer
Meat Department				
98.2	+3.4%	$854 ▲	119.8 ▲	53.2 ▲
Fresh Meat				
95.4	+5.3%	$614 ▲	72.0 ▲	35.4 ▲
Processed Meat				
95.2	-0.8%	$266 ▼	49.5 ▼	28.6 ▲

Total U.S. All Outlets Meat Department $ Share

Fresh Meat grew by **5.3%** and continues to be a pivotal influence in Meat Department success

.Source: Circana, Integrated Fresh Scan Panel, Market Advantage; total U.S., all outlets, MULO+, L52WE 9/8/2024

Meat Department acceleration continues

Beef is the key growth driver, while chicken maintains positive momentum

L52W 2024
Fresh Meat

$71.3B
+5.3% vs YA

16.2B
+1.9% vs YA

$38.8B
$ +8.3%
LBS +2.2%

$19.1B
$ +2.0%
LBS +2.8%

$8.4B
$ +2.1%
LBS -0.9%

$3.3B
$ +2.9%
LBS +1.6%

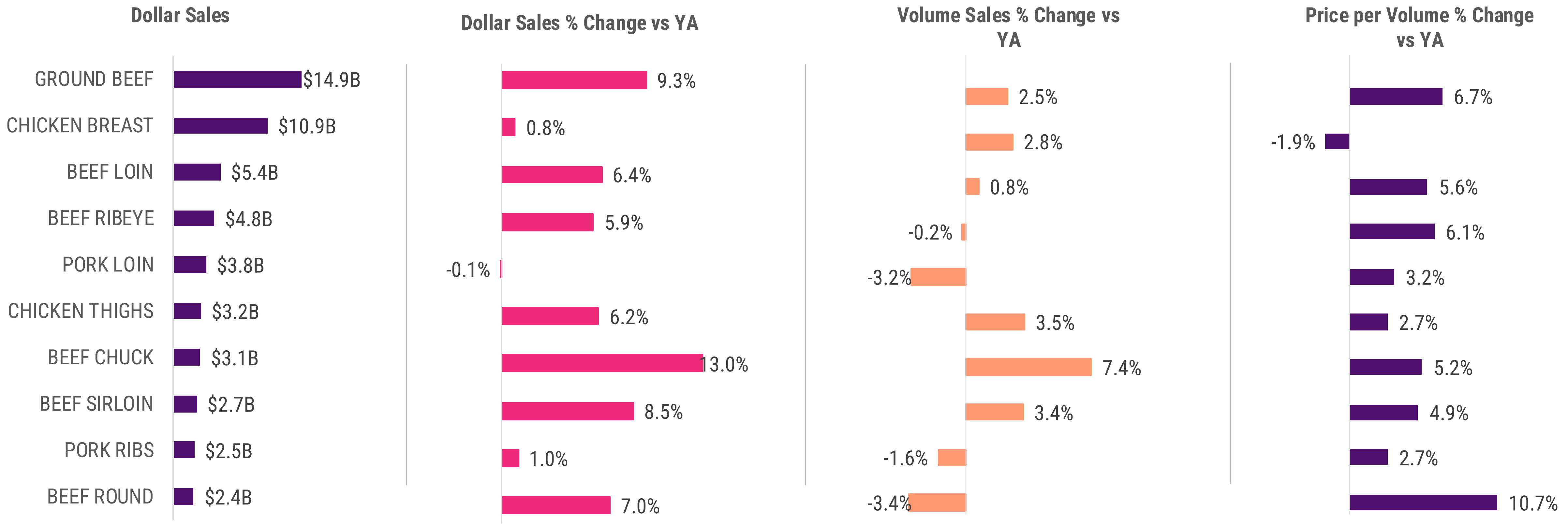
$881M
$ +3.7%
LBS +15.3%

$815M
$ -5.7%
LBS -1.8%

Source: Circana Integrated Fresh, MULO+, Data Ending 9/08/2024

Ground Beef continues to dominate Meat Dept sales and Chicken Breast deflation propelled volume gains

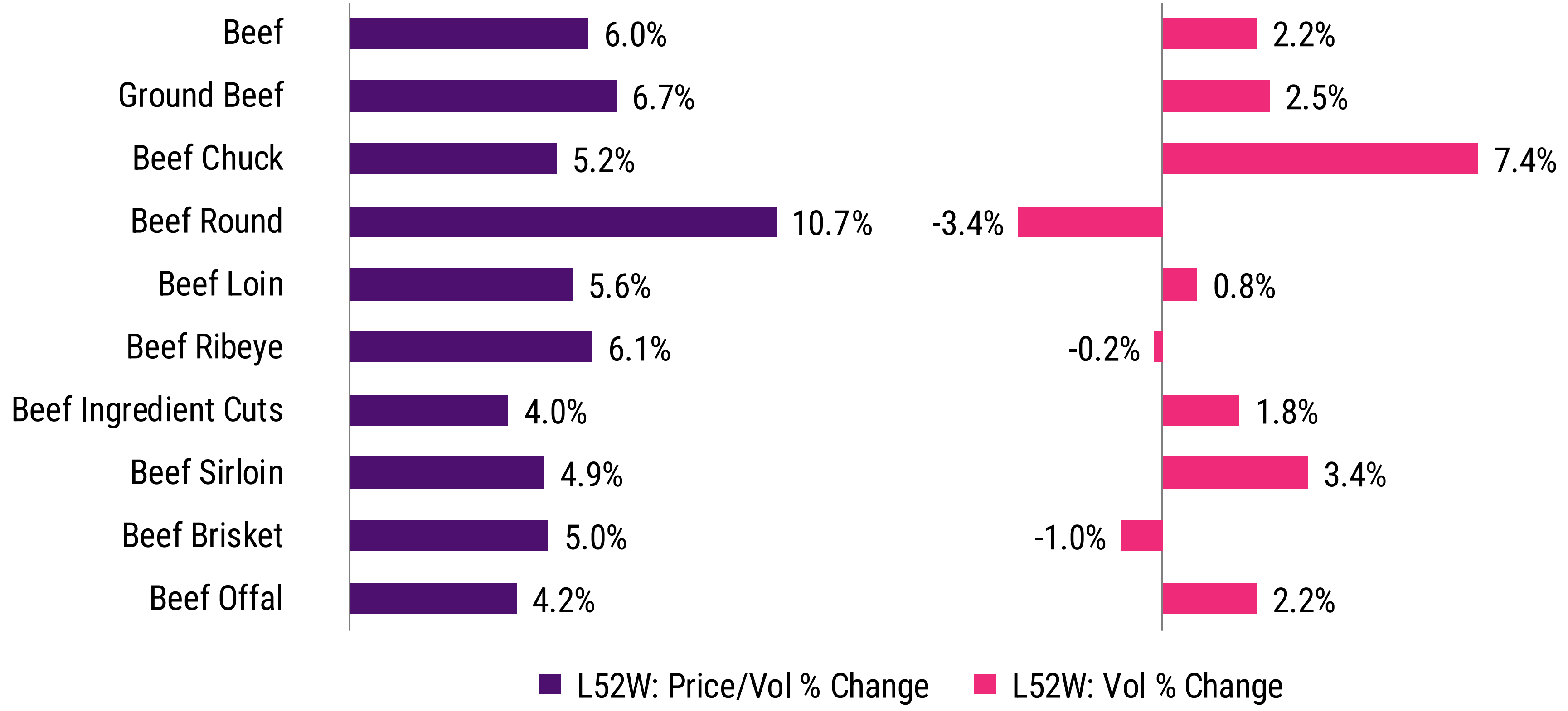
Fresh Meat Top 10 Subcategories Performance



Source: Circana Integrated Fresh Market Advantage, MULO+, L52W ending 9.8.2024

While Pricing Went Up Across Beef, Volume Impact Differed

Growth is not isolated to lower priced cuts as premium cuts return to volume growth



Source: Circana Integrated Fresh Market Advantage, MULO+, L52W ending 9.8.2024

Ground Meat Accelerated

$1.37B

during the latest 52 weeks

3.8X

greater than the
2nd ranked growth form

Source: Circana Integrated Fresh, MULO+, Total Ground Meat L52W Ending 9/08/2024

Grinds provide consumers value and convenience

Secondary grinds sets are driving protein variety with cooking confidence



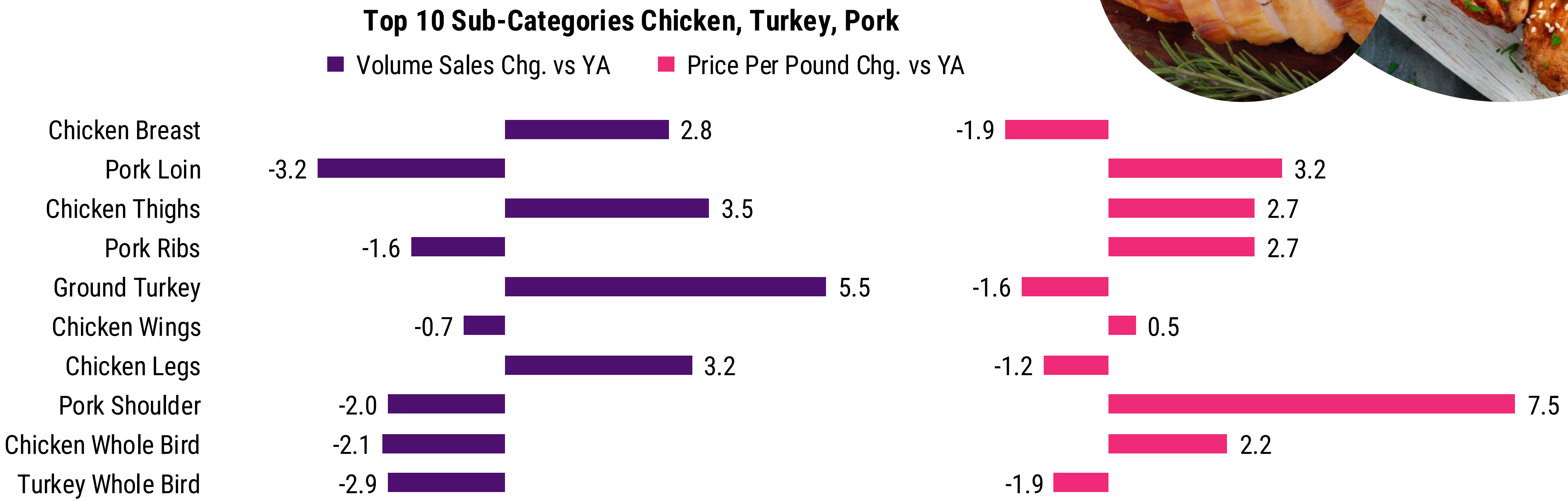


	Beef	Turkey	Chicken	Pork	Lamb
	$14.9B	$1.9B	$320M	$224M	$53M
DOLLARS	+9.3%	+3.8%	+9.5%	+3.8%	+5.5%
POUNDS	+2.5%	+5.5%	+9.6%	+4.2%	+5.8%

Source: Circana Integrated Fresh, MULO+, Data Ending 9/8/2024

Chicken and turkey benefit from price per pound deceleration

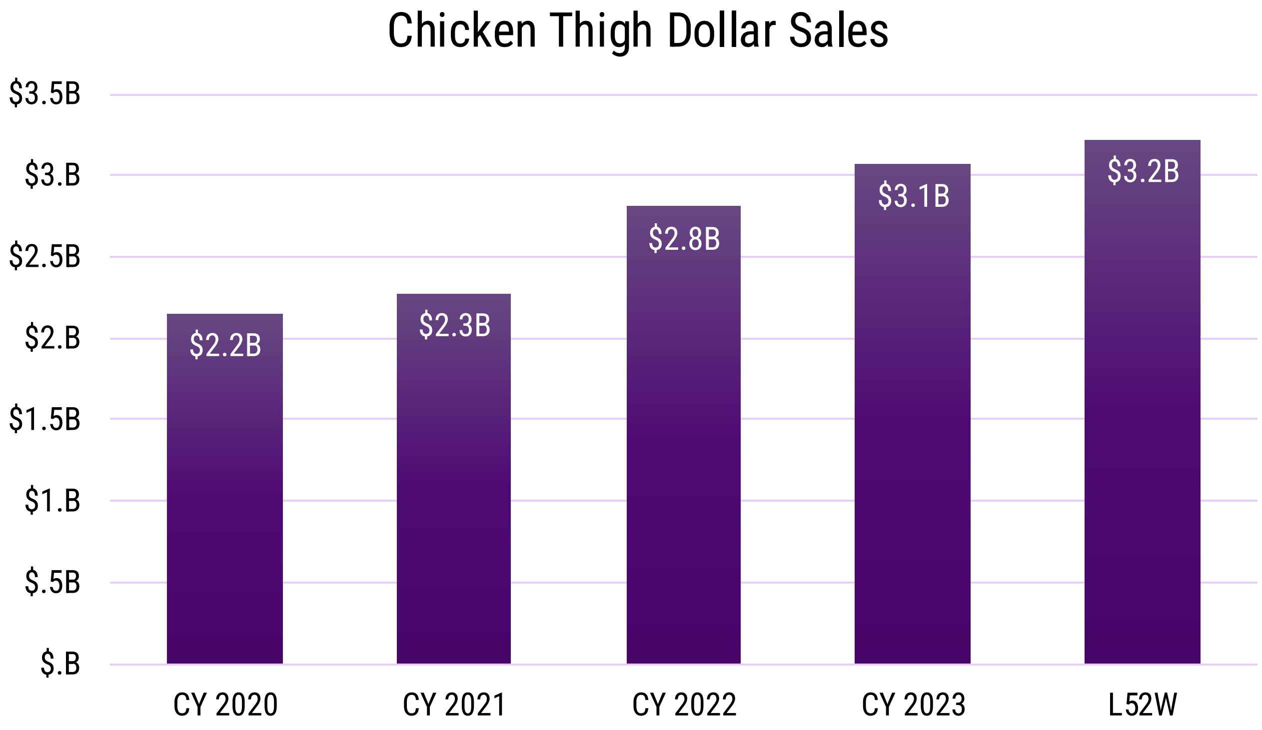
While Pork performance was challenged by continued inflation vs. YA



Source: Circana Integrated Fresh Market Advantage, MULO+, L52W ending 9.8.2024

Chicken Thigh growth continues

Boneless Chicken Thighs catalyst for sustained performance



Boneless Chicken Thighs contributed **72% of growth dollars** in the last 4 years

Source: Circana Integrated Fresh, MULO+, Data Ending 9/8/2024

Mixed performance for Processed Meat

Bacon top contributor to dollar growth while dinner & breakfast sausage deliver volume gains

L52W 2024
Fresh Meat

$31.5B
-0.8% vs YA

6.4B
-0.6% vs YA

Packaged Lunchmeat
$7.0B
$ -2.9%
LBS -0.6%

Dinner Sausage
$5.6B
$ +1.8%
LBS +2.3%

Breakfast Sausage
$2.4B
$ +1.5%
LBS +1.5%

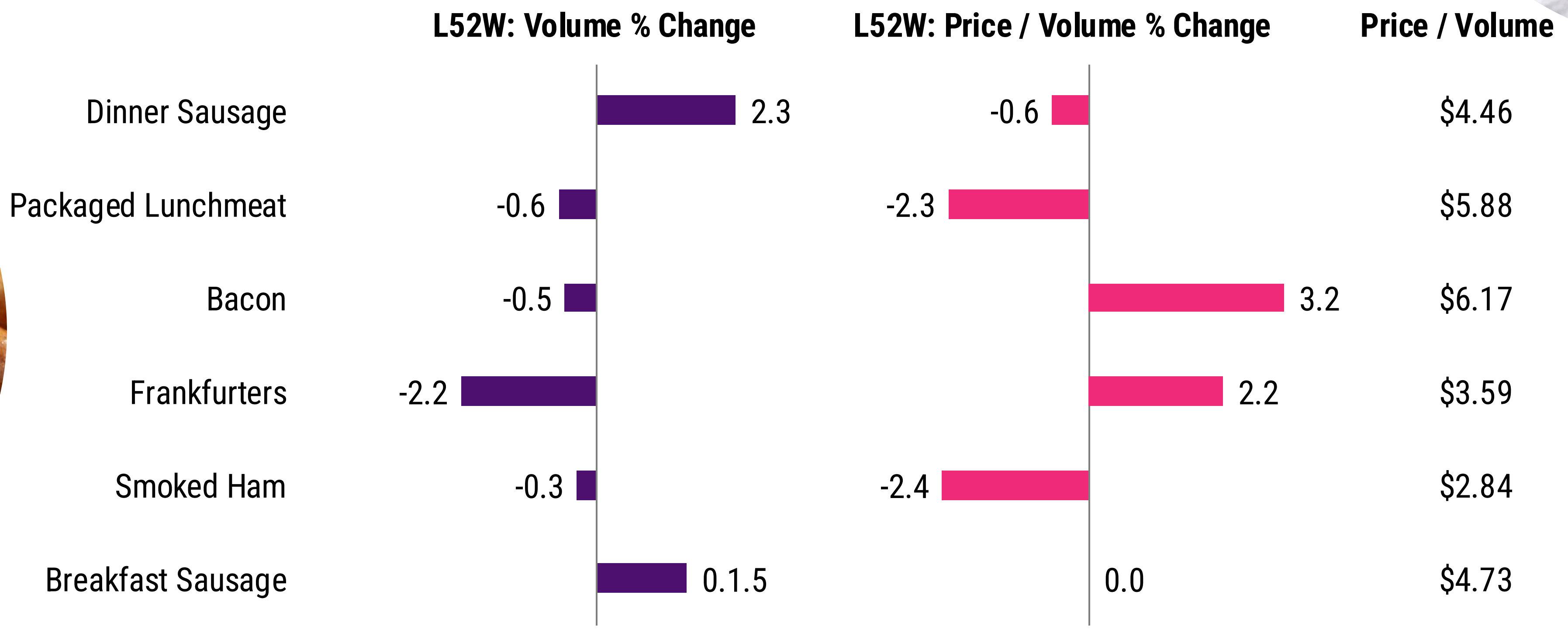
Bacon
$6.8B
$ +2.6%
LBS -0.5%

Frankfurters (Hot Dogs)
$3.2B
$ -0.1%
LBS -2.2%

Smoked Ham
$1.9B
$ -2.7%
LBS -0.3%

Source: Circana Integrated Fresh, MULO+, Data Ending 9/08/2024

Price adjustments had varying impact on subcategory performance within processed meat



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Source: Circana Integrated Fresh, MULO+, Data Ending 9/08/2024

Dinner and Breakfast Sausage buyers are spending more and making more trips as price per unit decreased vs. YA

		$ Sales	% HH Buying	$ per Buyer	Trips per Buyer	Dollars per Trip	Price per Unit
	Dinner Sausage	5.6B +1.8%	74.1 +0.7%	$57.47 +0.7%	8.4 +2.9%	$6.86 -2.1%	$4.61 -2.0%
	Breakfast Sausage	2.4B +1.5%	51.0 -0.3%	$36.71 +1.6%	6.0 +2.4%	$6.12 -0.8%	$4.27 -0.7%

Chicken Sausage is overdelivering! It is the #2 growth contributor behind Pork

7% Dollar Share Sausage

30% Share of Dollar Growth

Source: Circana Integrated Fresh, MULO+, Total Sausage Breakfast + Dinner Sausage L52W Ending 9/08/2024

SECTION 03

Trend Spotter

Reshaping the Meat Department

The decade's biggest lesson: value over price

More than ever, driving demand must be multi-dimensional and anchored in consumer priorities

Quality	Experience
Relevance	Convenience

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Plenty of reasons to splurge a little

Holidays, special occasions, and entertaining lead the list

Reasons to Spend a Little More on Meat / Poultry Than You Normally Would

45%	For holidays, like Thanksgiving or New Year's
37%	For special occasions
35%	When cooking for others
31%	If it's a little healthier
30%	Portion or pack size I wanted
30%	To do something nice for myself/my family
26%	If it's a brand I like
24%	For convenience/saving time
21%	Replacing a restaurant meal that would have cost more
18%	If it's produced sustainably, ethically, or humanely

9%

Strictly stick to the list / do not spend extra regardless

Source Annual Meat Conference | The Power of Meat 2024

Consumers will pay a premium for specialty meat claims that align with their need states

Organic Meat Growth Accelerated

12% in the Last Year

20%

of Meat consumers said organic is a purchase priority when shopping

"No Antibiotics Ever" Remains Growth Engine

23% in the Last Year

36%

Meat consumers that said free of antibiotics is important when shopping

Angus Beef dominant Breed claim ($6.3B)

7% in the Last Year

$8.23

Angus Beef acceleration continues as price per pound increased by 4.5% vs. YA

Grass Fed Beef ($1.7B) grown by 54% since '20

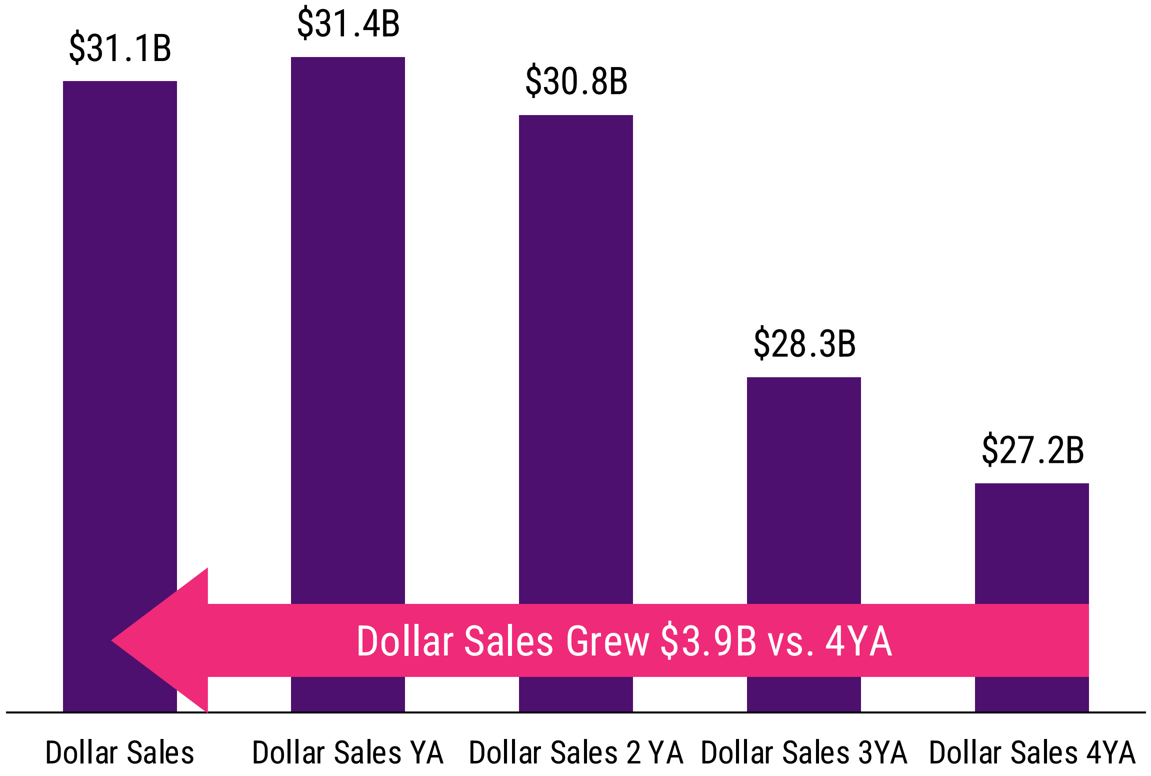
29% in the Last Year

15.1% of

Households Purchase Grass Fed Beef, **+2.1pts. vs 2023**

Source: Circana Integrated Fresh, MULO+, Data Ending 9/08/2024

Value Added Meats +14.4% vs. 2020 despite levelling of growth in L52W



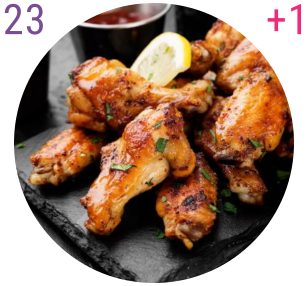
$ Sales Change vs. 4YA | $ Share of VAM

Pork
+13.2% | 25

Beef
+20.7% | 23

Ham
+11.4% | 13

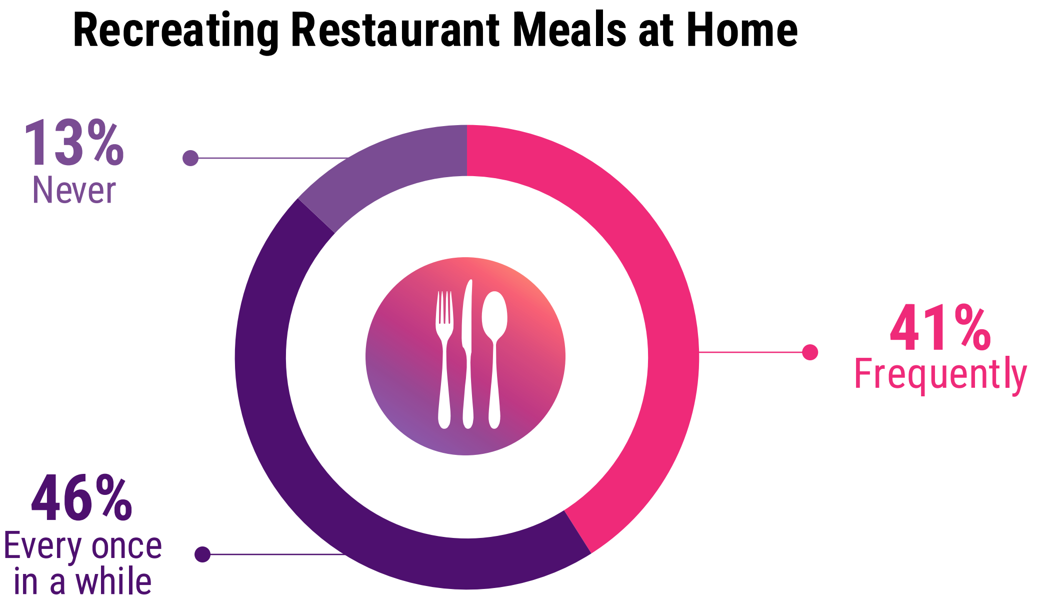
Turkey
+14.6% | 13



Chicken
+9.8% | 9

Source: Circana Integrated Fresh, MULO+, Total Meat Dept_Value Added L52W Data Ending 9/08/2024

Consumers are recreating restaurant meals at home for everyday & special occasions



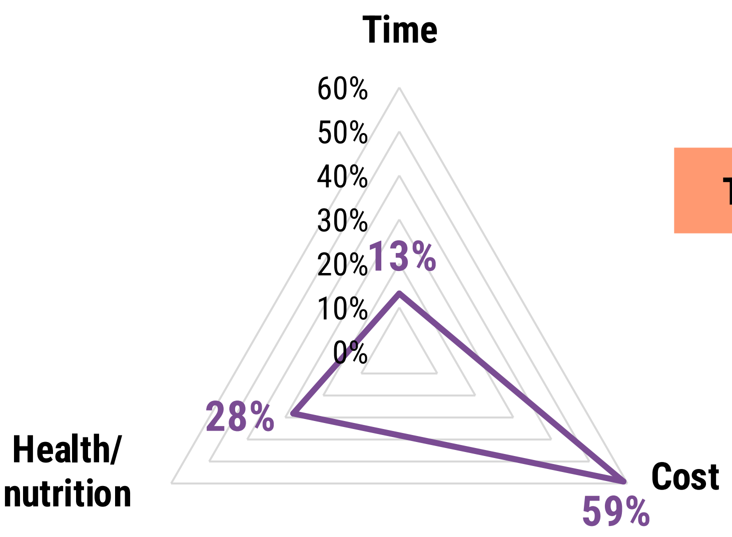
Best Opportunities: High-Income Households Millennials

Source: Circana 210 Analytics: The Power of Meat 2024

Cost remains most important in meal decisions, but health / nutrition, convenience are making a comeback

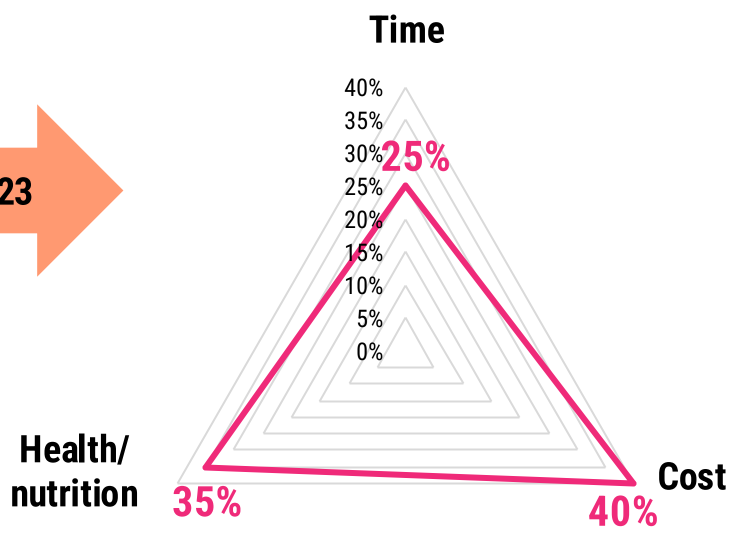
Top importance (rank #1) when preparing meals between time, health/nutrition, cost

2023



Time +12% vs. 2023

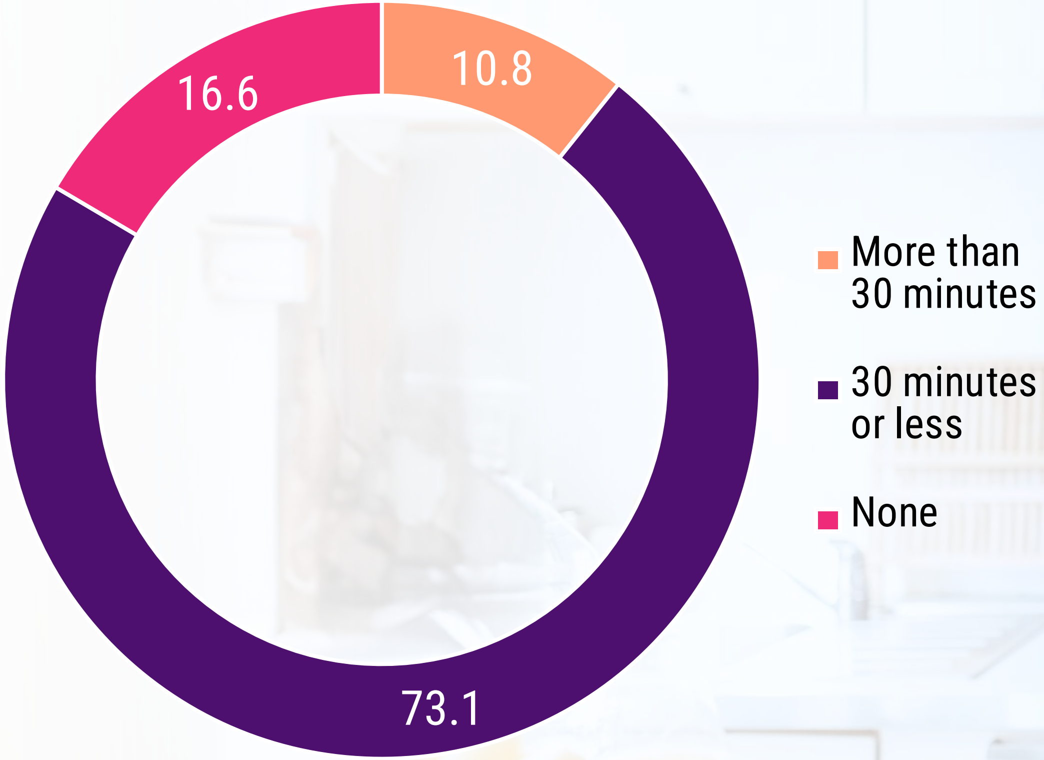
2024



Source: IDDBA What's in Store 2024, 210 Analytics

Most meals still require less than 30 minutes of prep time

Main Meal Prep Time | Share of Occasions



Source: Circana, National Eating Trends®

Convenience continues to be a top consideration during the shopper journey and when purchasing meat

Deli Prepared Meat

+11.0%

Deli Prepared Dept.
+4.6%

Ground Beef

+8.6%

All Other Beef Cuts
+5.8%

Convenience Bacon

+2.7%

Raw Pork Bacon
+1.4%

Rotisserie Chicken

+9.3%

Chicken Whole Bird
-0.1%

Deli Sushi

-0.4%

Seafood Dept.
-5.1%

Boneless Chicken Thighs

+8.1%

Bone-in Chicken Thighs
+1.2%

Marinated Pork Loin

-0.8%

No Prep Pork Loin
-1.9%

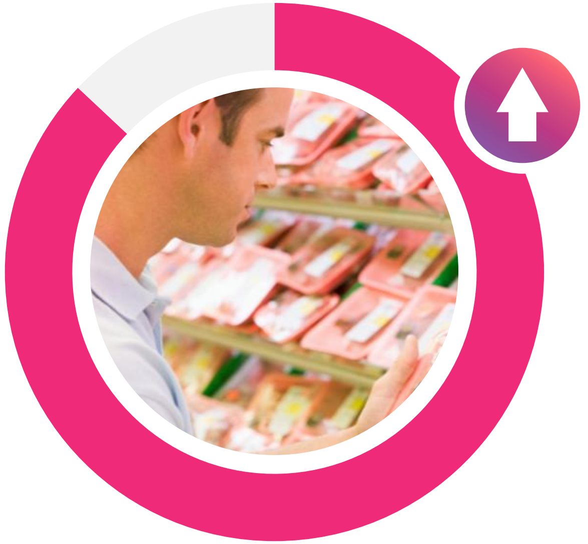
Grab & Go Lunchmeat

+1.8%

Deli Service Lunchmeat
-6.4%

Source: Circana, Integrated Fresh Market Advantage, total U.S. MULO, dollar sales % chg. vs. YA, L52W ending 8/11/2024

Case-ready favorability rises further driven by a shift in younger generations quality perception

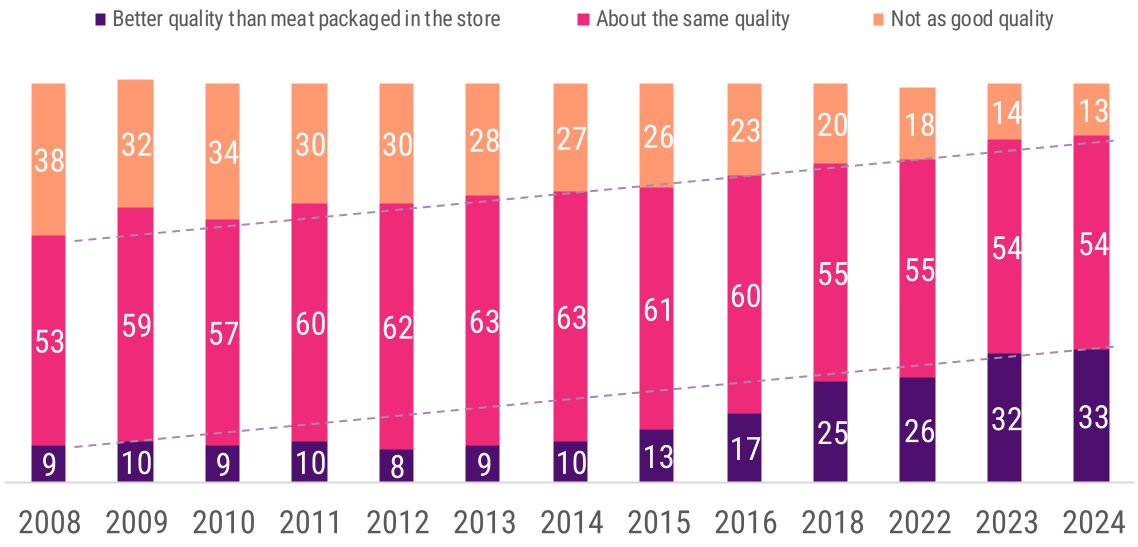


87%

Case-ready **as good or better** as meat cut and packaged in the store

'09 69% | '13 72% | '18 80% | '24 87%

33% claim case-ready **is better quality** than meat packaged in the store

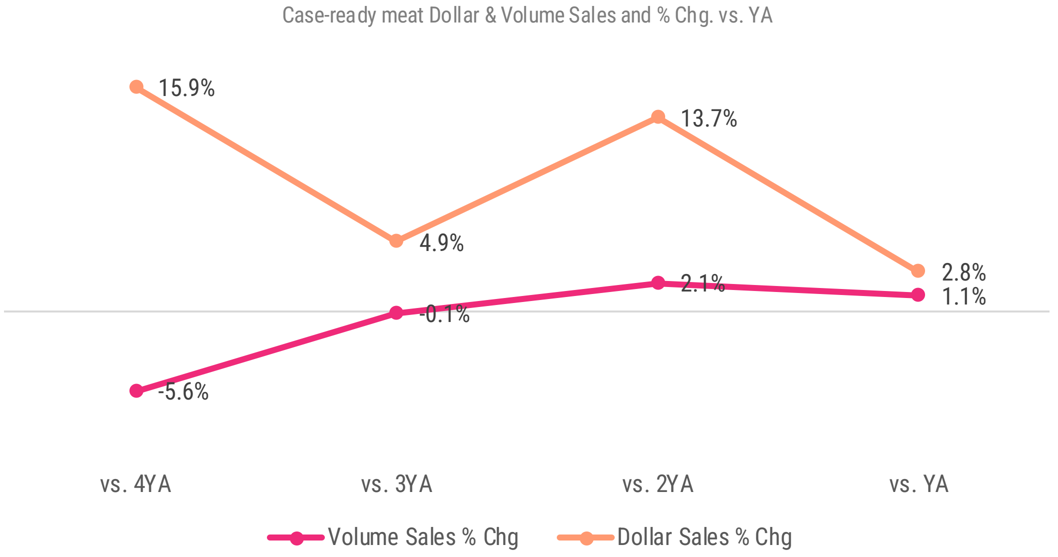


37% Gen Z | **37%** Millennials | **28%** Gen X | **18%** Boomers

Circana 210 Analytics: The Power of Meat 2024.

YTD Case-Ready sales contributed $17.5B, representing 16.91% of Meat Dept. dollars

Case-ready grew both dollars +2.8% and volume +1.1% vs. YA, volume stabilized as inflation eased



Price/Lb	4YA	3YA	2YA	YA
% Chg	22.7%	13.8%	2.8%	1.7%

Case-ready meat experiencing less inflation vs. 4YA in comparison to Meat Dept.

Price per pound chg. vs. 4YA
Case Ready +22.7%
Meat Department +33%

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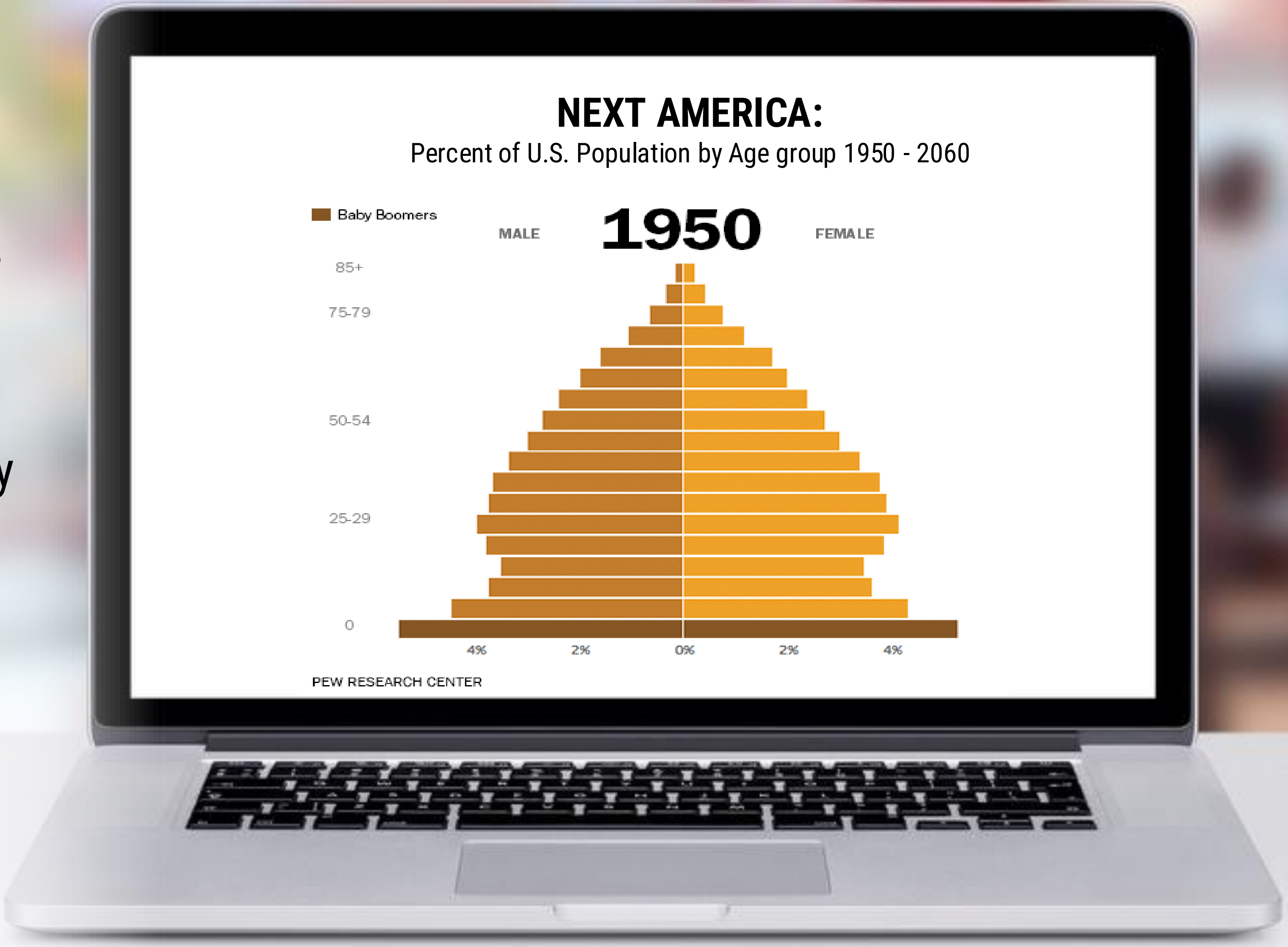
Source: Circana, Integrated Fresh Market Advantage, U.S. MULO+, L52WE 10/6/2024

Rapidly shifting population ahead

- Boomers still sizeable in number but different life-stage and needs as they age
- Prime food and beverage targets historically households headed by 25-54
- By 2030, Gen Z and Millennials will be in these prime ages



Source: The U.S. Census population projections via The Pew Research Center. Retrieved from: The Next America | Pew Research Center

Younger consumers do not make as many trips or spend as much per trip as older consumers

There is room for Gen Z & Millennials to grow in Meat department—and it is imperative for success tomorrow

	Gen Z & Younger Millennials	Older Millennials	Gen X	Younger Boomers
Buyers	21.4MM	20.5MM	36.9MM	21.1MM
Purchase Size	$16.30	$17.27	$16.91	$15.76
Annual Avg Spend	$718.54	$870.81	$928.20	$933.79
Trip Frequency	44	50	55	59

Source: Circana OmniConsumer Integrated Fresh Scan Panel, Meat Dept. Total US All Outlets, 52 weeks ending 09/08/2024
This slide & full presentation utilizes the standard Circana generation definitions – Gen Z/Young Millennials are shoppers under age 34; older Millennials age 34-42; Gen X 43-58; Younger Boomers 59-67

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Protein preferences convey distinct differences by generation

Generation Z	
Chicken	112

Millennial	
Chicken	116
Meat Alternatives	110

Boomer	
Veal	125
Lamb	120
Pork	112

Seniors + Retirees	
Veal	187
Lamb	190
Pork	119

Source: Circana, Integrated Fresh Scan Panel total U.S., all outlets, Aisle-Fresh Meat, MULO+, L52WE 9/8/2024

Younger generations favor meat cuts that allow for quick prep and ease of experimentation

Consumers again seek more convenience and simplicity

Generation Z est. 1997

Chicken Wings

127

Chicken Legs

120

Millennial est. 1987

Chicken Breast

127

Ground Turkey

111

Boomers est. 1947

Smoked Ham

129

Turkey Breast

128

Seniors + Retirees est. 1925

Turkey Whole Bird

123

Pork Chop

124

Source: Circana, Integrated Fresh Scan Panel total U.S., all outlets,, MULO+, L52WE 9/8/2024

Millennials and Gen X are contributing 77% of Ground Meat dollar growth

Millennials

29% of Dollar Sales

41% of Dollar Growth

Generation X

33% of Dollar Sales

36% of Dollar Growth

Boomers

33% of Dollar Sales

16% of Dollar Growth

Seniors

16% of Dollar Sales

0% of Dollar Growth

Source: Circana, Integrated Fresh Scan Panel total U.S., all outlets, MULO+, L52WE 9/8/2024

Key takeaways

- Meat Department performance continues to accelerate driven by strong demand and mild price increases
- Consumers are still feeling pressured by inflation as Meat Department price per pound climbed 33% higher than 2019
- Consumption within the Meat Department is changing, Generational shifts in preference are evident and shaping department trends
- Price positioning within the category can improve sales, but value doesn’t always mean price
- The Meat Department must continue to evolve addressing key consumer trends that will maximize share of wallet with the next generation

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Questions & Answers

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Thank you