IRI and Watt Global Media

THE WHY BEHIND THE BUY: A LOOK FORWARD

Presenters:

Chris DuBois, IRI
Joyce Neth, Watt Global Media

July 22, 2019

IRi Growth delivered.

WATT GLOBAL MEDIA

2019 CHICKEN MARKETING SUMMIT®

Today’s Discussion / Agenda

1 | Research Context

2 | The Current State of Chicken

3 | Trends & Drivers of Future Growth

4 | The Keys to Success

RESEARCH CONTEXT

1

BACKGROUND

WATT Global Media partnered with IRI, on behalf of the National Chicken Council, to identify consumer trends related to the consumption of chicken that can be used by leading US poultry producers in their marketing efforts.

OBJECTIVES

Understand what attributes drive increased consumption for chicken by examining purchase decision factors and attitudes for poultry, beef, pork, fish and plant-based meat alternatives. Results for each protein type will be compared and contrasted to see what attributes are consistent across meat types and what attributes are unique.

METHODOLOGY

A total of 780 interviews were conducted using IRI's AttitudeLink™ methodology. This methodology is a targeted approach to reach key groups with known buying behavior and obtain attitudinal and usage insights to identify the underlying drivers of their purchasing

Completed interviews are weighted by five variables – age, sex, geographic region, race and education – to ensure reliable and accurate representation of the total US population.

Statistical testing throughout this report was conducted at the 90% confidence level.

FIELDING DATES

July 1-10, 2019

Source: Size 6 Italicized

Contributing Sponsors

Primary research sponsor

Contributing research sponsors

Research conducted by

Chicken checks more boxes

- All meat buyers are driven by taste, yet taste is a less important driver for the plant-based consumers.
- Among the plant-based meat/meat blend alternatives buyers, health, including the absence of negatives (antibiotics, hormones, etc.) and sustainability are stronger purchased drivers.
- Traditional animal meat product purchase is driven by delicious taste, preparation versatility, family appeal and great value for price. Fish is purchased for health and convenience reasons.

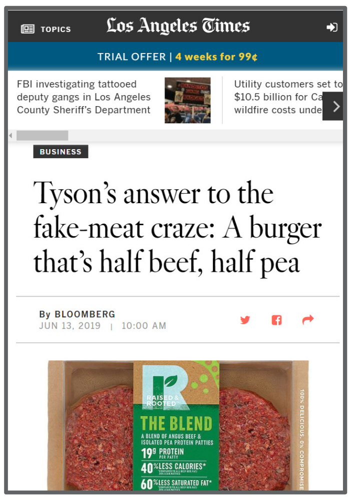
Reasons to buy

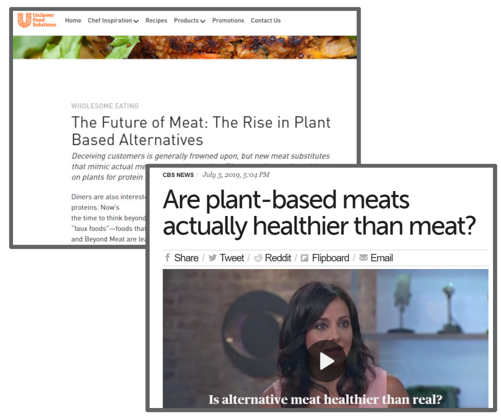
	Chicken	Beef	Pork	Fish	Plant-based
Taste	✓	✓	✓	✓	
Health	✓			✓	✓
Versatility	✓	✓	✓		
Family appeal	✓	✓	✓		
Value for price	✓		✓		
Natural/Organic/Absence of Negative (hormones, antibiotics, etc.)	✓	✓			✓
Sustainable					✓
Convenient	✓			✓	✓

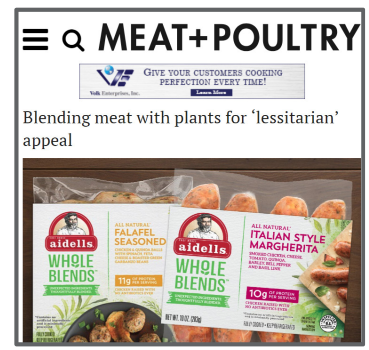
S1. Which of the following meat/protein types have you purchased in the past 6 months?
Q1. Please think about all the reasons you typically buy… Why do you buy…? Check all that apply.
Source: IRI Drivers Survey

Defining ‘plant-based meat alternatives’

- In the survey, we referred to “plant-based meat/plant-meat blend alternatives”
- That takes up a lot of real estate on our slides so you may see us use “plant-based proteins” or just “plant-based” in this presentation.





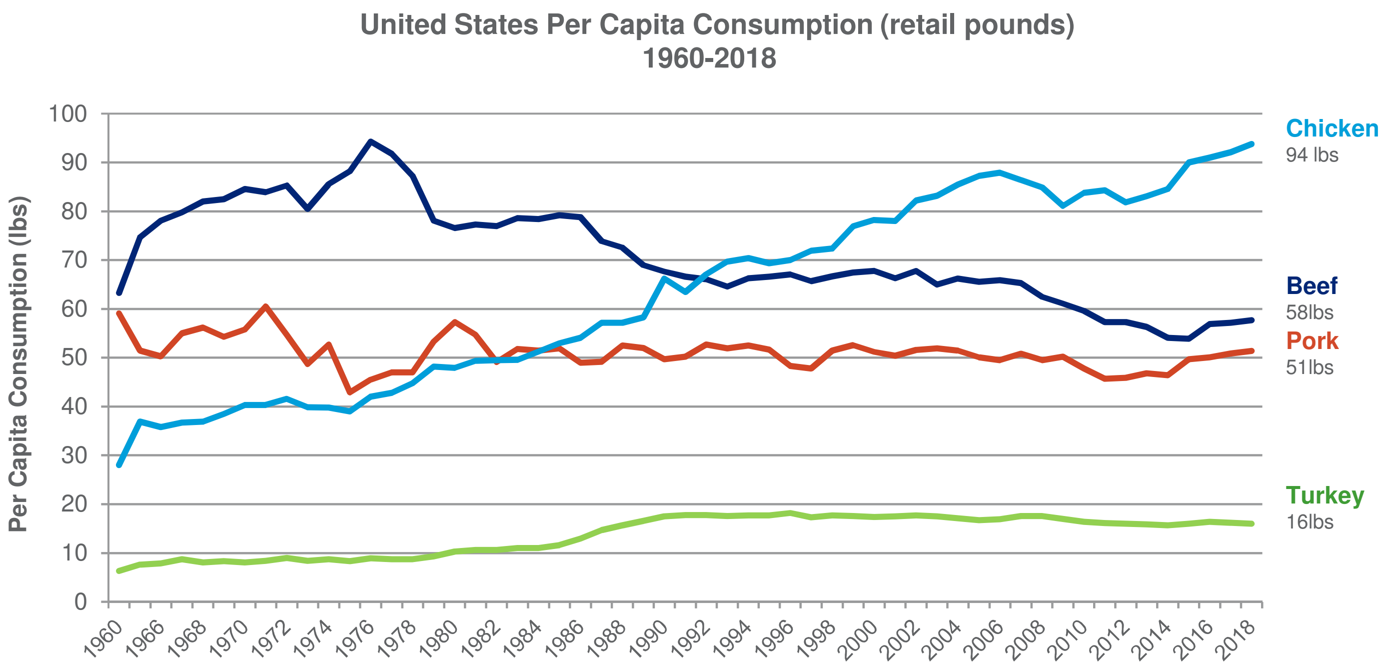


Source: https://www.unileverfoodsolutions.us/chef-inspiration/wholesome-eating/meat-alternatives.html
https://www.meatpoultry.com/articles/21503-blending-meat-with-plants-for-lessitarian-appeal
https://www.cbsnews.com/news/fake-meat-alternatives-are-plant-based-meats-actually-healthier-than-meat/
https://www.foodbusinessnews.net/articles/14046-conagra-brands-has-big-plans-for-meat-alternatives
https://www.latimes.com/business/la-fi-tyson-beef-pea-protein-burger-plant-20190613-story.html
https://www.meatpoultry.com/articles/21531-summer-fancy-food-show-plant-based-foods-development-continues-to-grow

THE CURRENT STATE OF CHICKEN

2

Since 1960 in the US, per capita consumption of chicken has grown over 3x – outperforming all other major proteins.



Source: USDA via National Chicken Council website

Meat Sales in All Outlets

+0.1%

$ growth L52 wks

-0.6%

lbs growth L52 wks

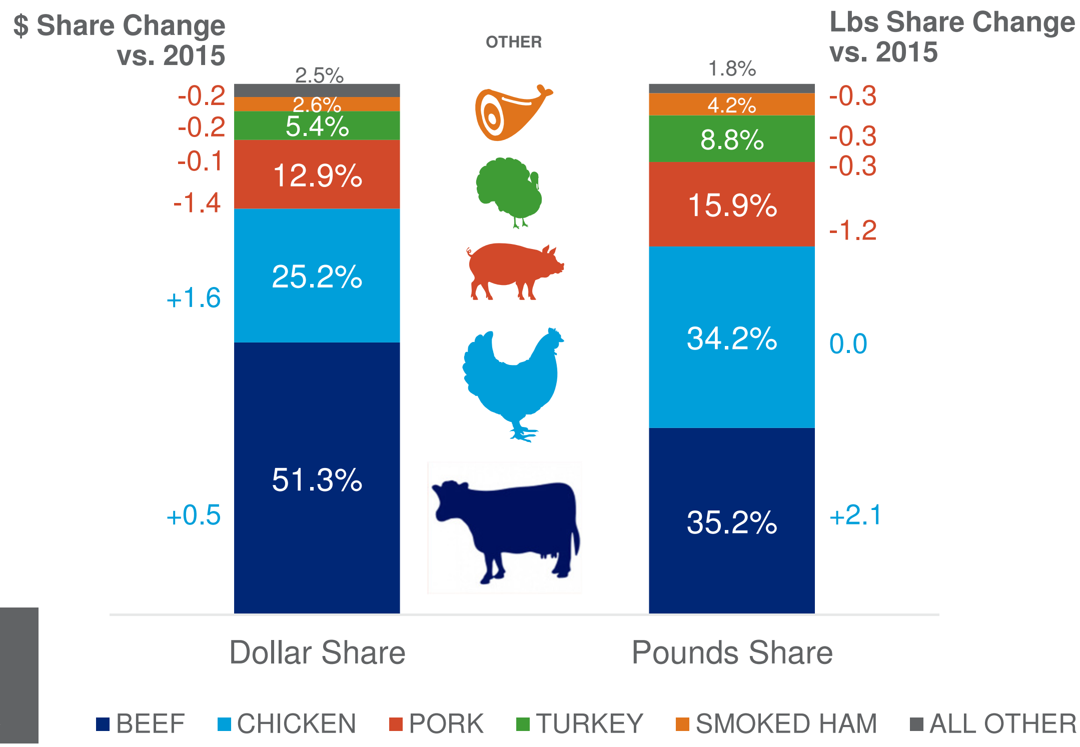
Chicken Continues to Grow

Fresh meat is $50 billion in 2019 (L52 weeks)

	$	Lbs
	+0.8%	0.4%
	+0.7%	0.0%
	-2.3%	-1.2%
	-3.1%	-2.7%
ALL OTHER	-3.5%	-5.2%

Source: IRI Market Advantage Total Store View + Perimeter, Total Meat, l52 ending 6/30/2019

Fresh meat total sales since 2015 have stayed consistent with chicken winning dollars and beef winning volume at pork's expense



-0.5%
$ Sales
2015-2018 CAGR

+0.6%
Pounds Sales
2015-2018 CAGR

These categories ($100M+) have driven most of the meat growth in the last year

+14%

Chicken Stir Fry / Kabob/Fajita Cuts

+14%

Ground Pork

+12%

Ground Chicken

+9%

Chicken Thighs

+8%

Variety Beef Cuts

+6%

Beef Ribs

+6%

Chicken Wings

+6%

Ground Turkey

Source: 2018, Multi-Outlet, IRI/FreshLook Marketing Legacy Fresh Meat Definition (FW/RW) by Cut, greater than $100 Million over 52-weeks, Ranked by highest growth

Overall, convenient products have dominated growth on the perimeter

Top 8 fresh perimeter categories ranked by change since 2013 / + dollars | + units

Lettuce (incl. Salads)
+$1.4B | +400M

Fresh Chicken Breast
+$1.3B | +236M

Berries
+$1.2B | +235M

Rfg. Packaged Meat
+$1.5B | +175M

Avocado
+$775M | +365M

Deli Prepared Entrees
+$1.0B | +136M

Packaged Bakery Snacks
+$500M | +322M

Rfg. Side Dishes
+$916M | +121M

Source: Total Store View + Perimeter Market Advantage, MULO 2018 vs. Calendar Year 2013 Ranked on score for both dollar and unit change

Less convenient perimeter categories have seen corresponding declines

Bottom 8 fresh perimeter categories ranked by change since 2013 / + dollars | + units

Bananas
-$205M | -167M

Bulk Ground Beef
-$311M | -79M

Fresh Pork Loin
-$452M | -47M

Fresh Whole Chicken
-$200M | -47M

Apples
-$102M | -79M

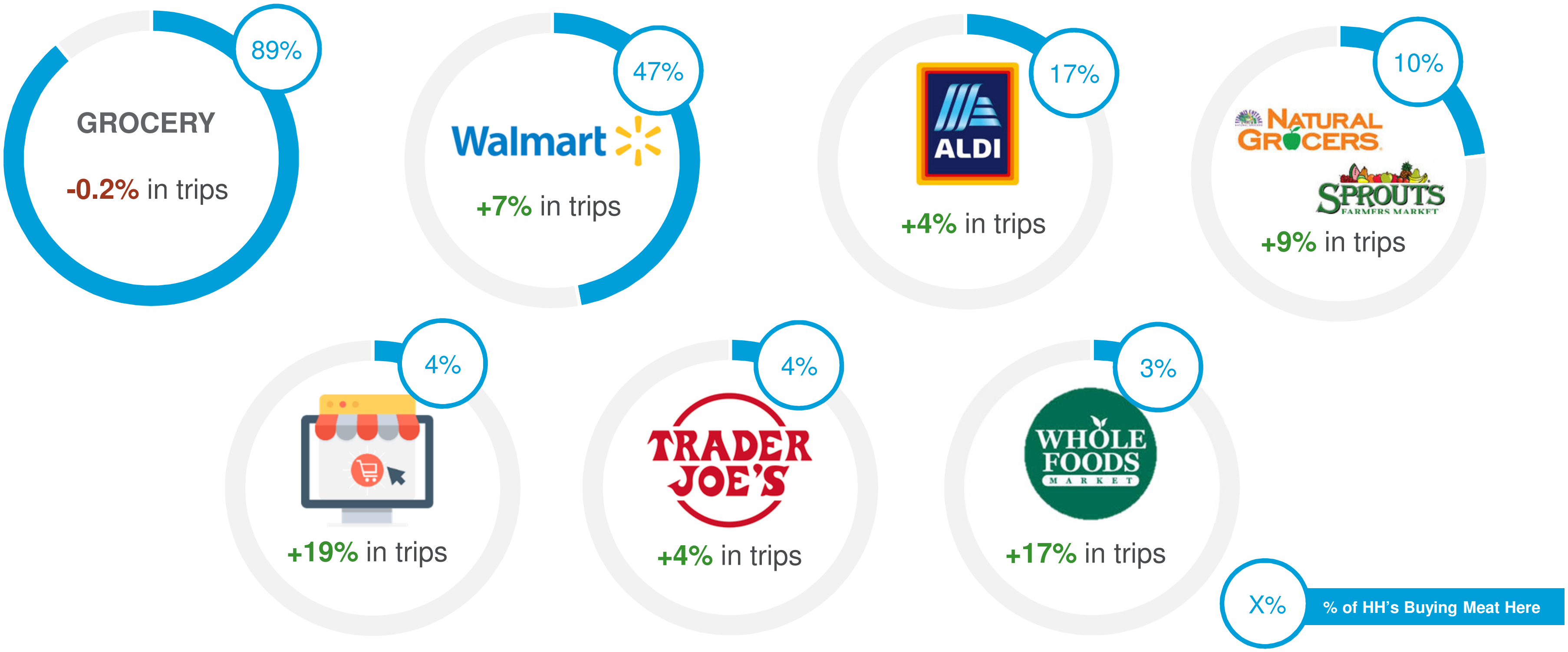
Pears
-$97M | -55M

Beef - Round
-$134M | -32M

Fresh Ground Round
-$126M | -29M

Source: Total Store View + Perimeter Market Advantage, MULO 2018 vs. Calendar Year 2013 Ranked on score for both dollar and unit change

Smaller and more focused formats have driven growth – along with a Walmart resurgence

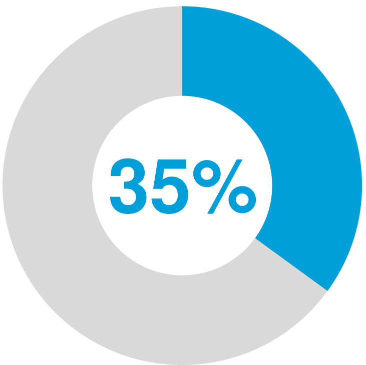


Source: IRI HH Panel, 2018 vs. 2017, Custom Meat (RW + UPC)

“No antibiotics” continues as a major growth engine for chicken and turkey

No Antibiotics Ever: $ % Growth and $ Share

NAE 1YR GROWTH	+1.8%	+5.4%	-37%	+19.9%
3YR CAGR	+2.0%	+34.2%	-18.5%	20.2%
NAE SHARE	4.1%	37%	2.2%	11%

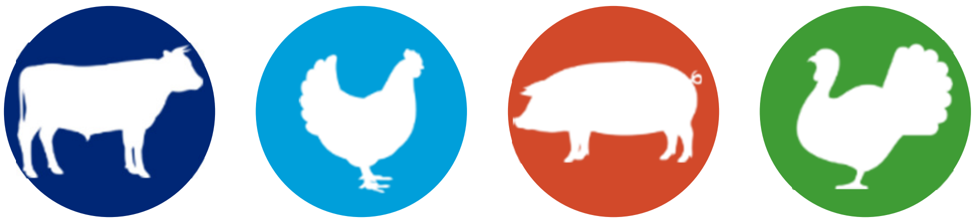


of consumers said that **free of antibiotics is important** when fresh food shopping

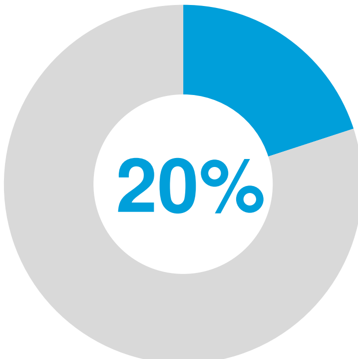
*Source: IRI Market Advantage, US MULO, Data Ending 6/30/2019 *Fixed Weight + Random Weight*
Source: January 2019 IRi Fresh Survey

Organic meat growth is strong in all proteins

Organic Claims: $ % Growth and $ Share



ORGANIC 1YR GROWTH	+24.4%	+14.2%	+13.1%	+17.4%
ORGANIC 3 YR CAGR	+17.4%	+13.1%	3.1%	7.2%
ORGANIC SHARE	1.2%	5.3%	0.1%	1.5%

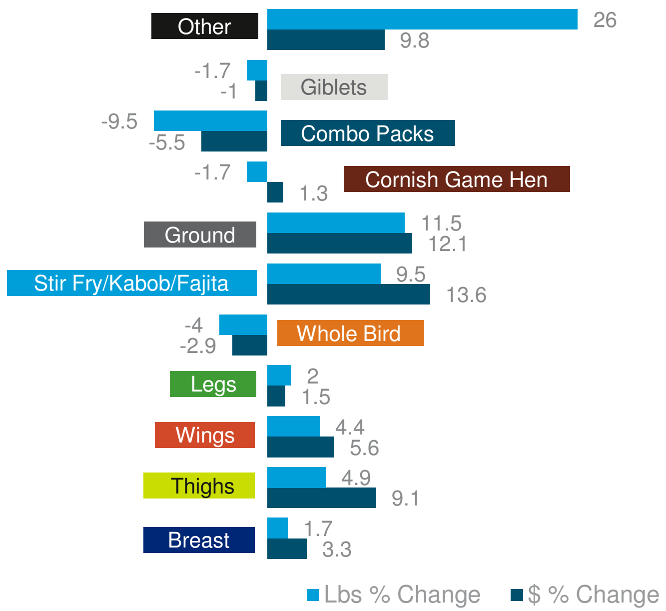


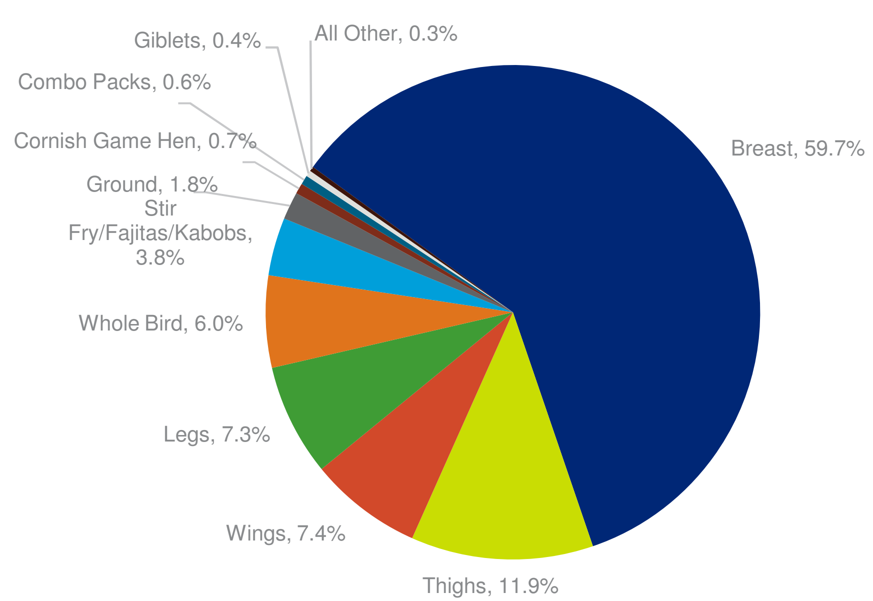
of consumers said that **organic is important** when fresh food shopping

*Source: IRI Market Advantage, US MULO, Data Ending 6/30/2019 *Fixed Weight + Random Weight*
Source: January 2019 IRi Fresh Survey

Breasts dominate, but extremely strong growth in easy to cook and flavorful cuts

- FREQUENCY makes valuable chicken buyers:
  heaviest buying households buy chicken 6.5X more a year than light buyers



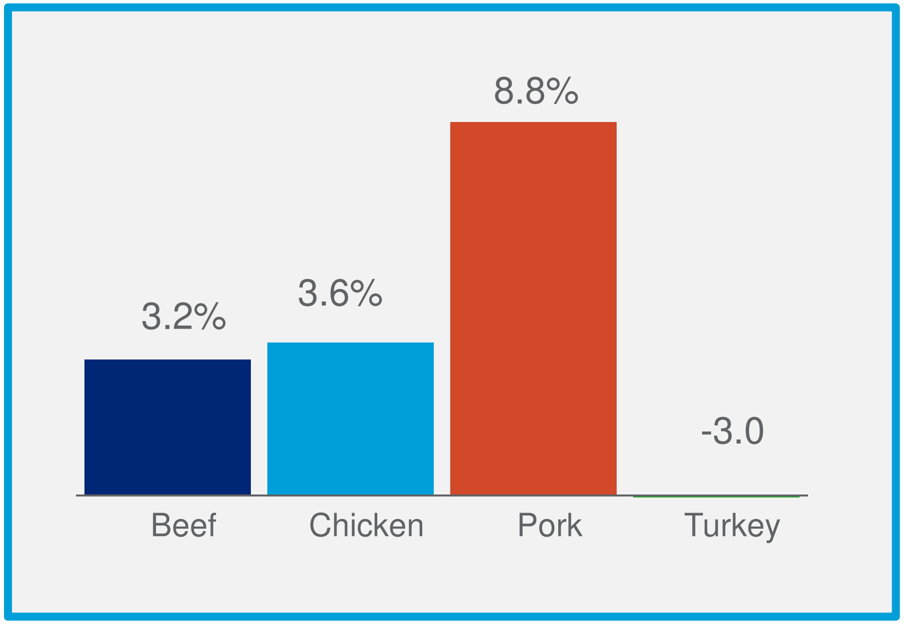


Source: 2018, Multi-Outlet, IRI/FreshLook Marketing Legacy Fresh Chicken Definition (FW/RW)

Value-added meat continues to be a growth engine

Valued-Added Dollar Growth 4.1% vs YA

VA Protein Dollar Growth vs YA



*Source: IRI Market Advantage, US MULO, Data Ending 6/30/2019 *Fixed Weight + Random Weight*

Meat remains a powerful basket driver

Fresh Meat HOUSEHOLD PENETRATION

97%

(0.1%) vs. prior year

AVG TRIPS ANNUALLY

21.7

(-1%) vs. year ago

29%

Of all grocery trips **INCLUDE** fresh meat^

SPENDING PER TRIP

$13.72

+14% vs. year ago

SPENT REST OF STORE^

$63

+2% vs. year ago

If we had 10% of shoppers make just 1 more fresh meat buying trip, it would be worth

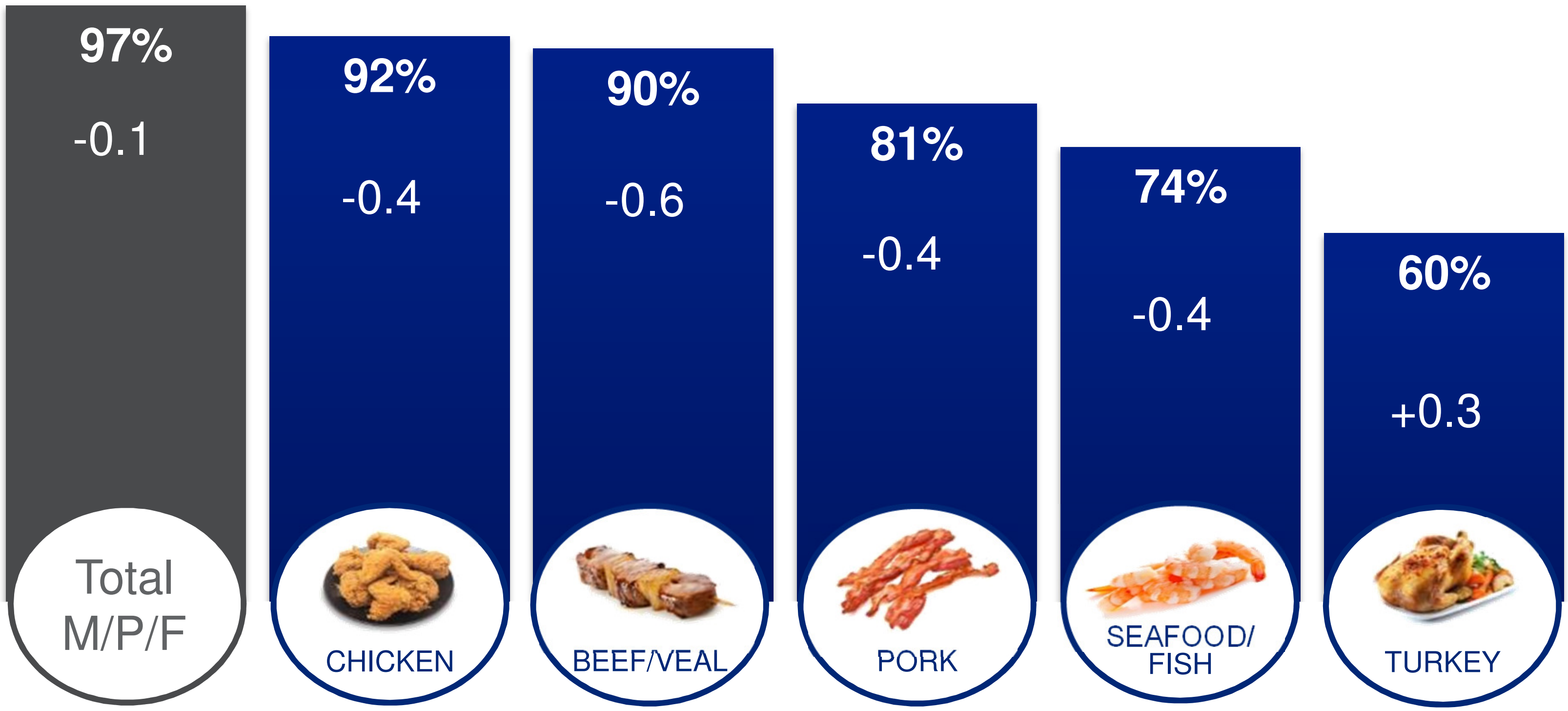
$163 M TO THE DEPT

$753 M TO THE STORE

Sources: Household Panel data UPC + RW Reference Guide. All Outlets, 2018 and ^ IRI Shopper Loyalty FSP data for Grocery (Food), 2018

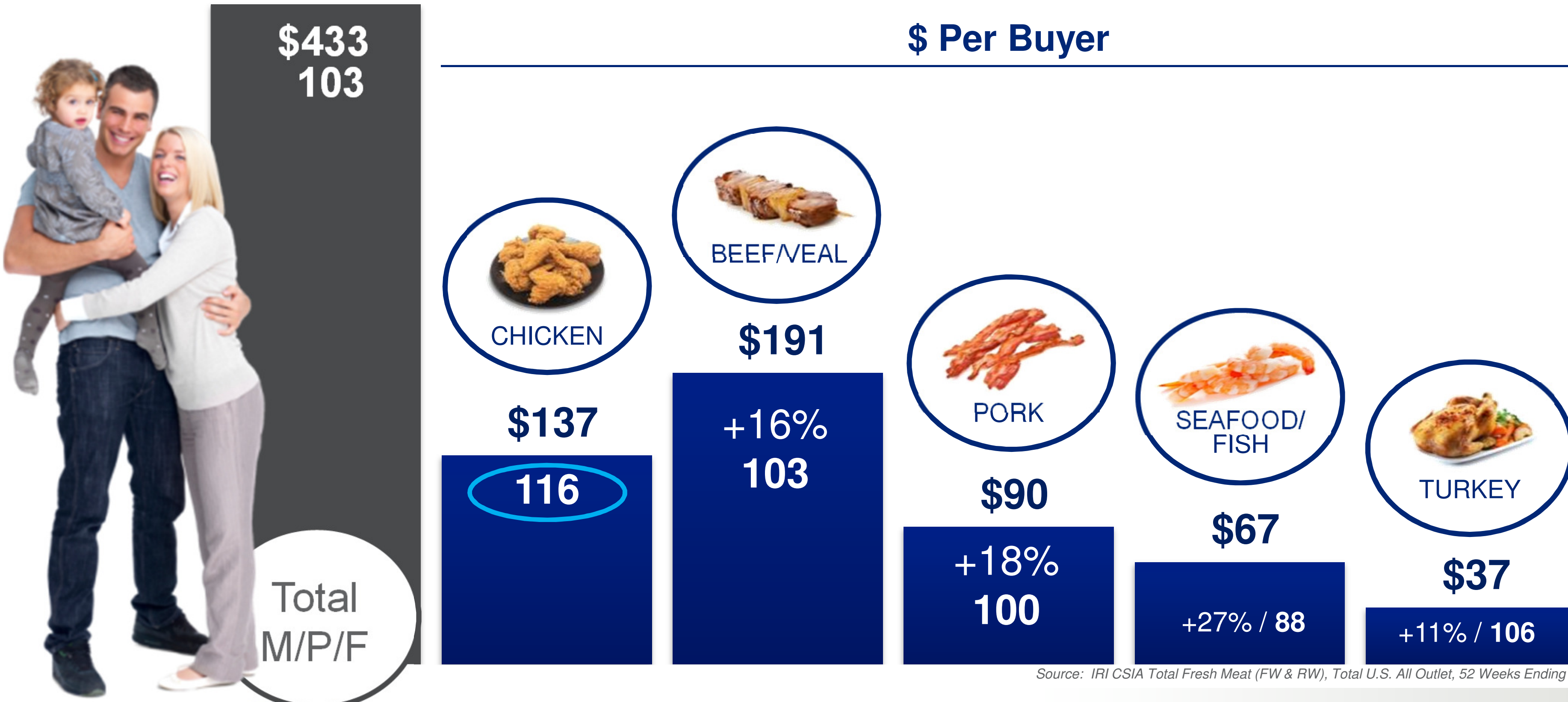
The percent of households buying meat and chicken has declined slightly

% Households Buying



Source: IRI CSIA Total Fresh Meat (FW & RW), Total U.S. All Outlet, 52 Weeks Ending 5/17/2019

Millennials w/kids spend 16% more on chicken than the US average



Source: IRI CSIA Total Fresh Meat (FW & RW), Total U.S. All Outlet, 52 Weeks Ending 5/17/2019

Millennials spend 90% more when fresh chicken is in the basket

$80
in basket

$42
out of basket

Source: IRI CSIA Total Fresh Meat (FW & RW), Total U.S. All Outlet, 52 Weeks Ending 5/17/2019z

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3

TRENDS & DRIVERS OF FUTURE GROWTH

Top trends driving and disrupting meat

CONVENIENCE
AND SIMPLIFICATION

SHOPPERS CARE
ABOUT SUSTAINABILITY

TOTAL STORE
PROTEIN GROWTH

ECOMMERCE AND
NEW TECHNOLOGIES

What drives the need for convenience? Households have changed…

55%
Couples w/Kids

23%
Couples w/o Kids

9%
Singles Living Alone

29%
Couples w/Kids

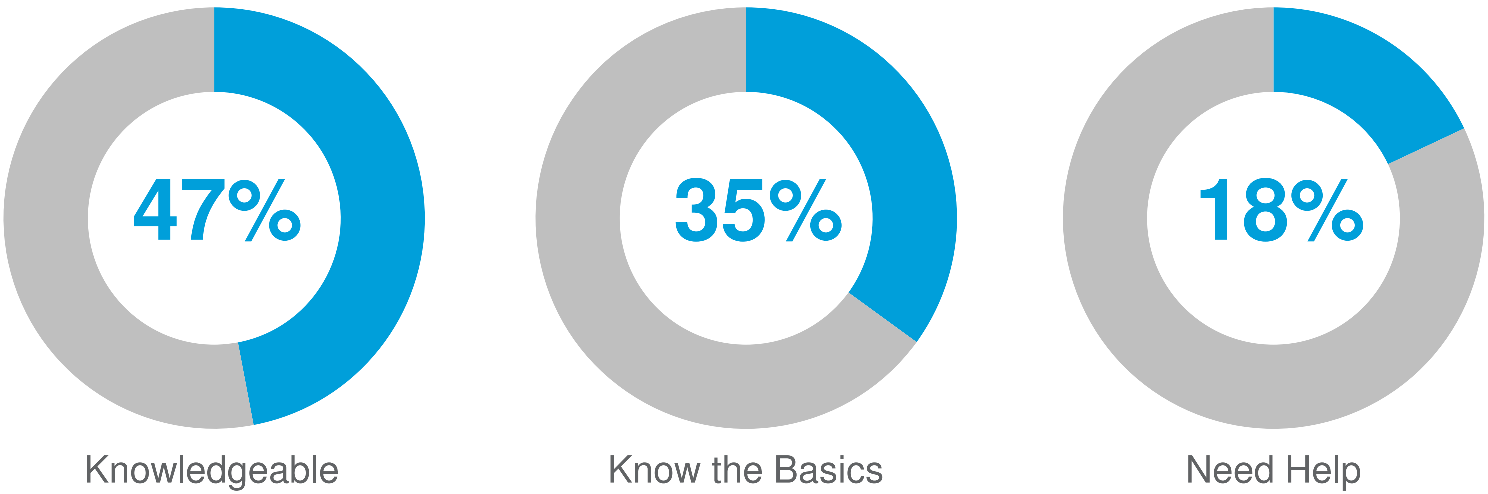
32%
Couples w/o Kids

26%
Singles Living Alone

Source: U.S. Census Bureau, Popstats, 2018

America’s meat knowledge is poor; only 47% are “knowledgeable”.

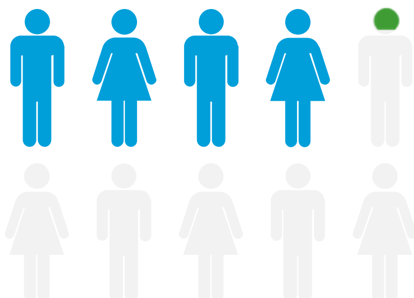
Self-rated meat / poultry knowledge



72% of Millennials say they “just manage” or “need help”

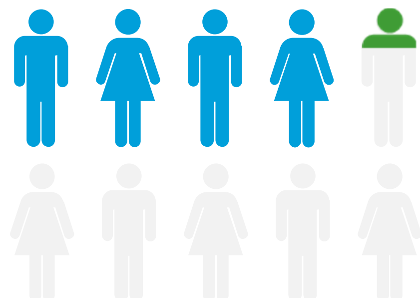
Source: 210 Analytics| FMI- The Power of Meat 2019

Variety is a path to growth – education and empowerment are necessary



41%

Buy a Handful of Cuts / Kinds and **Don't Tend to Try Anything New** or Different



42%

Buy a Handful of Cuts / Kinds, But **Willing to Try New Items**, if Advised

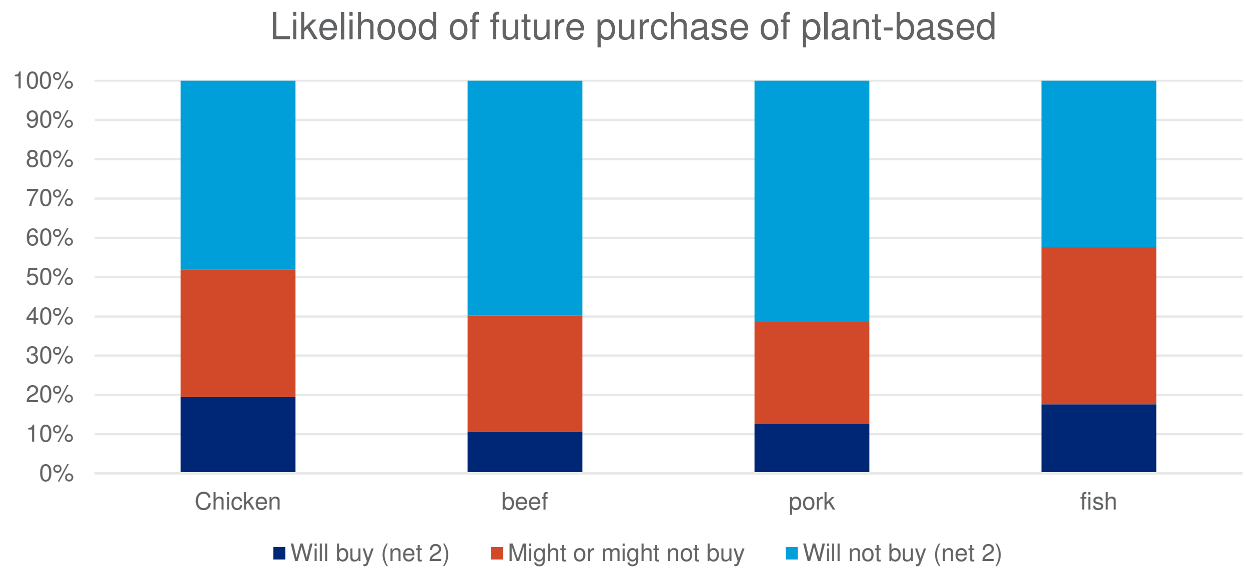
17%

Buy an Extensive Variety of Cuts / Kinds

Source: 210 Analytics | FMI- The Power of Meat 2019

Among those who do not currently consume plant-based protein, chicken buyers are most open to consuming this type of protein in the future – 20% will consume.

Fewer than 10% of buyers of each meat protein have purchased plant-based in the past 6 months



S1. Which of the following types of meat/protein types have you purchased in the last 6 months?
Q6. You mentioned that you haven't bought plant-based meat/plant-meat alternatives in the past 6 months. How likely are you to purchase this type of protein in the future?

Chicken is ‘feel good food’ and an all-around winner for attributes related to preparation

- All protein types are perceived as easy-to-prepare
- More traditional meats (chicken, beef, pork) show advantage in family appeal and tradition (grew up eating it).
- Plant-based protein advantages lie in safety, preparation ease and the cleanliness aspect of preparation.

Attribute Ratings Top 2 box

	Chicken	Beef	Pork	Fish	Plant-based
Easy to prepare	✓	✓	✓	✓	✓
Quick to prepare	✓				✓
Feel good serving to my family	✓				
Trust is safe to eat					✓
Grew up eating it	✓	✓	✓	✓	
Family pleaser	✓	✓			
Smells delicious while being prepared	✓	✓	✓		
Clean to prepare					✓

S1. Which of the following meat/protein types have you purchased in the past 6 months?
Q2. How well do the following attributes describe…? Use a scale from 5 to 1, where 5 means “Describes it perfectly” and 1 means “Does not describe at all.”
Source: IRI Drivers Survey

Consumer experience matters, especially online…

71%
of consumers want more personalized experiences online

33%
are more likely to buy from a brand that sends tailored messaging

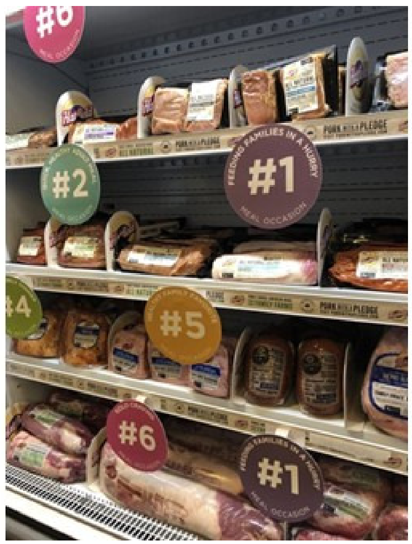
72%
Effortless Program where Offers are Automatically Redeemed

66%
Personalized Offers Based on Purchase History are more appealing

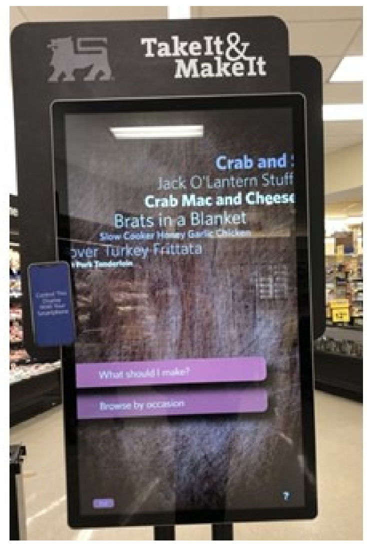
Source: Forbes & The Loyalty Divide conducted by Morar HPI

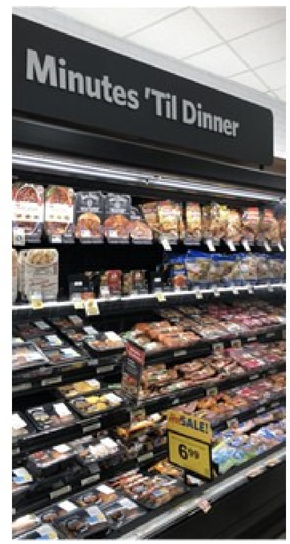
Retailers are responding to help connect consumers & meals

Connecting Need States and Segments



Signage and Kiosks Make it Easy





Source: IRI Staff photos 2019

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Top trends driving and disrupting meat

CONVENIENCE
AND SIMPLIFICATION

SHOPPERS CARE
ABOUT SUSTAINABILITY

TOTAL STORE
PROTEIN GROWTH

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NEW TECHNOLOGIES

Products that are marketed as sustainable…

50%

Make up **16%** of items but were **50.1%** of total CPG growth last year

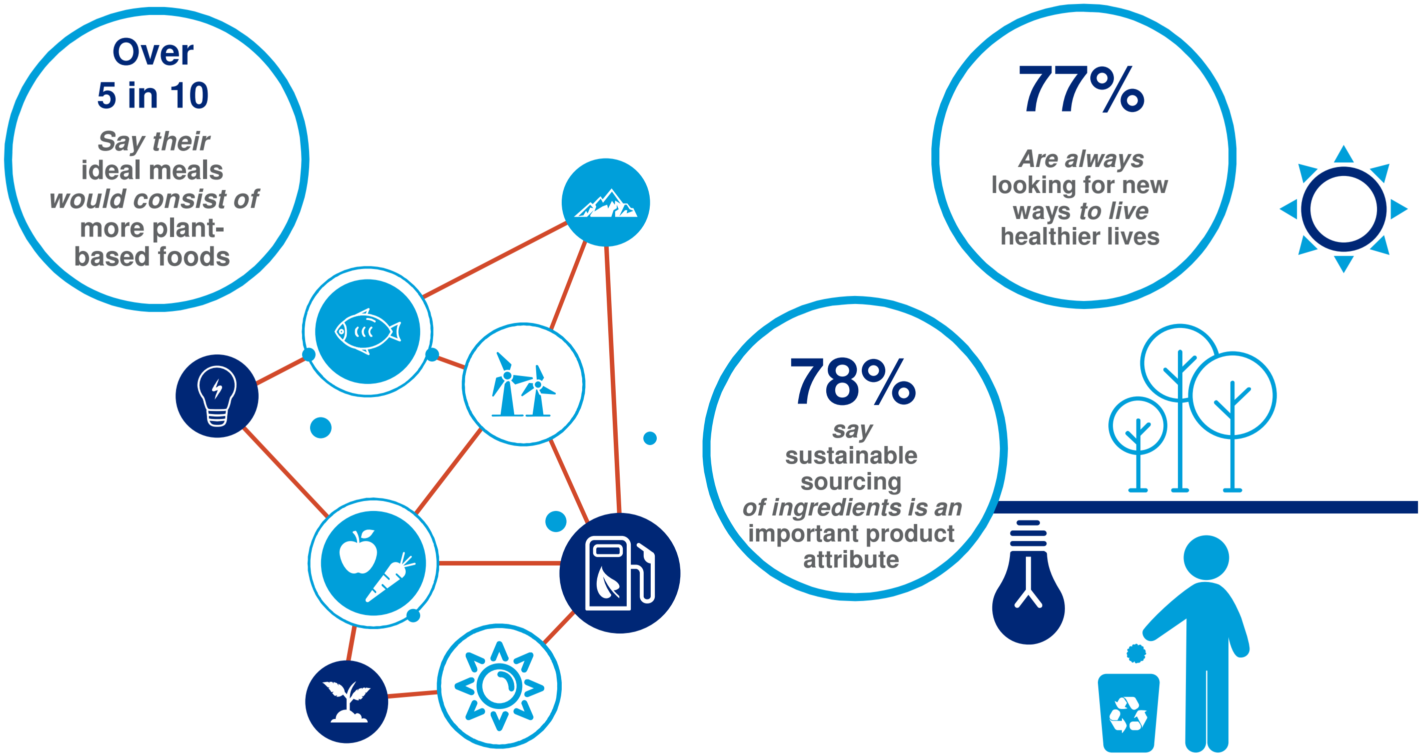
5.6×

Grew **5.6×** times faster than products not marketed as sustainable and **3.3×** faster than CPG

90%

Grew faster than non-sustainable in **90%** of all CPG categories last year

Consumers look for cleaner and healthier products, while striving to reduce their impact on the planet



Source: Private Brand Daymon PB Intelligence Report 2019 What's Next in Innovation April-2019 Report

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Attributes inform shoppers' clean label purchase decisions

According to the 2019 FMI U.S. grocery shopper trends

35% of shoppers say that nutrition and health information being made "available" is very important, and 26% say the same about information "beyond what is on the package."

68% AVOID NEGATIVES

RESPONSE BY ATTRIBUTE	
Low Sugar	34%
Low Sodium	33%
No Added Hormones	27%
Antibiotic-Free	25%
Low Calorie	23%
No/Low Fat	23%
Low Carb	20%
No Allergens	9%

62% MINIMAL PROCESSING

RESPONSE BY ATTRIBUTE		
No Artificial Ingredients	33%	
No Preservatives	32% ⬆	+4pts
Not Bioengineered	27%	
No Trans Fats	27%	
Natural	25% ⬆	+5pts
No HFCS	23% ⬆	+3pts
Certified Organic	19%	
Gluten Free	11%	

31% ETHICAL PRACTICES

RESPONSE BY ATTRIBUTE		
Free Range	16% ⬆	+3pts
Grass Fed	16% ⬆	+5pts
Cage Free	16% ⬆	+3pts
Fair Trade	13%	
Certified Humane	12%	

23% POSITIVE NUTRITION

RESPONSE BY ATTRIBUTE	
Vitamin Enriched	13%
Antioxidant Rich	12%
Calcium Fortified	10%

⬆ Significant change from 2018

Source: FMI U.S. Grocery Shopper Trends, Label Insight 2019

Chicken consumers are most driven to consume more by "humanely raised meat" and satiety

TOP DRIVERS TO INCREASE CONSUMPTION

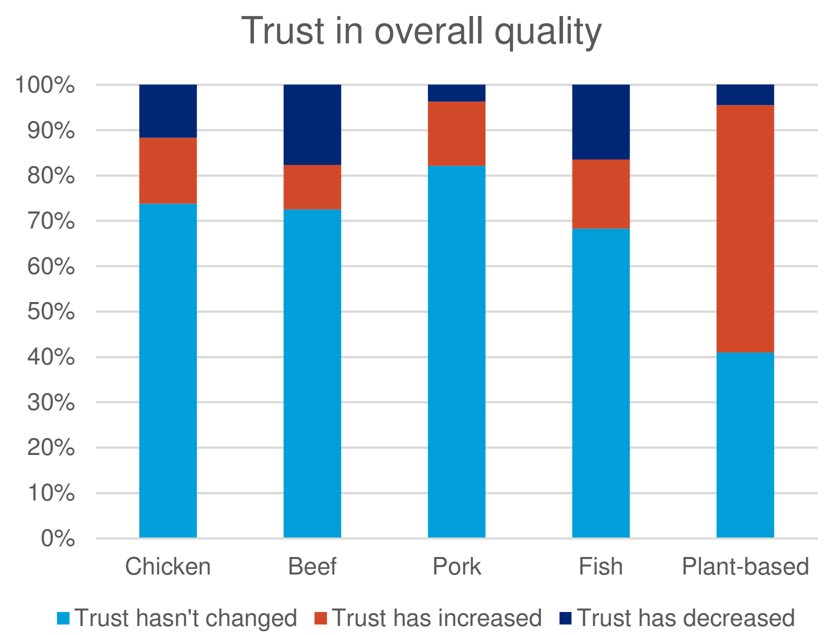
Chicken	Beef	Pork	Fish	Plant-based
HUMANE	FAMILY PLEASER	GENERALLY TRUST	SATISFYING	GENERALLY TRUST
SATISFYING	BETTER VALUE	FEEL GOOD	CLEAN HANDS PREPARATION	SMELLS DELICIOUS
BETTER VALUE	FEEL GOOD	SMELLS DELICIOUS	BETTER VALUE	VERSATILE
TASTE	QUICK TO PREPARE	QUICK TO PREPARE	GENERALLY TRUST	BETTER SOURCE OF PROTEIN
SUSTAINABLE	TRADITION	EASY TO PREPARE	TASTE	FAMILY PLEASER
EASY TO STORE	VERSATILE	BETTER SOURCE OF PROTEIN	SMELLS DELICIOUS	TASTE

To increase chicken consumption among those already consuming, deliver on these higher emotional attributes (vs practical attributes such as value, preparation, storage)

Source: IRI Drivers Survey

Trust remains unchanged for most meat buyers, increasing for plant-based buyers

- Shows consistent trust level in the overall quality of various protein types they consume.
- At most, 15% of meat buyers report increased trust in traditional animal protein types, while 55% of plant-based report they've increased their trust in plant-based meat/blend alternatives.
  - 15% of chicken buyers show increased trust while 10% of beef buyers have increased trust.
- Just 12% of chicken buyers show decreased trust while 18% and 17% of beef and fish buyers, respectively, show decreased trust levels in those proteins.



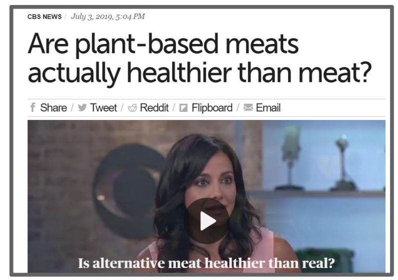
Q4. Thinking about your attitudes toward safety, nutritional value and quality of …and how they may have changed over the last few years, would you say that your trust in the overall quality of … has increased, decreased or hasn't changed?

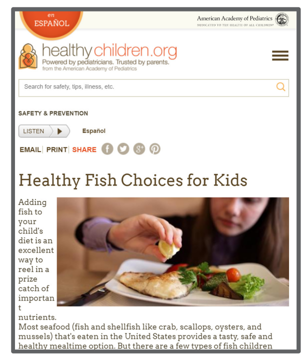
Source: IRI Drivers Survey

1 in 10 recall negative media/news associated with protein consumption

- While only 10% of total protein buyers recall negative media/news associated with protein consumption, fish received the highest negative media awareness score (14%) across all protein types, attributed to safety (mercury level in fish) and overall quality.

- On the other hand, 1 in 3 plant-based consumers mentioned positive media/news associated with plant-based protein consumption mostly related to health benefits.





Source: https://www.cbsnews.com/news/fake-meat-alternatives-are-plant-based-meats-actually-healthier-than-meat/
https://www.healthychildren.org/English/safety-prevention/all-around/Pages/Protecting-Your-Children-From-Contaminated-Fish.aspx
https://www.nrdc.org/sites/default/files/walletcard.pdf

Top trends driving and disrupting meat

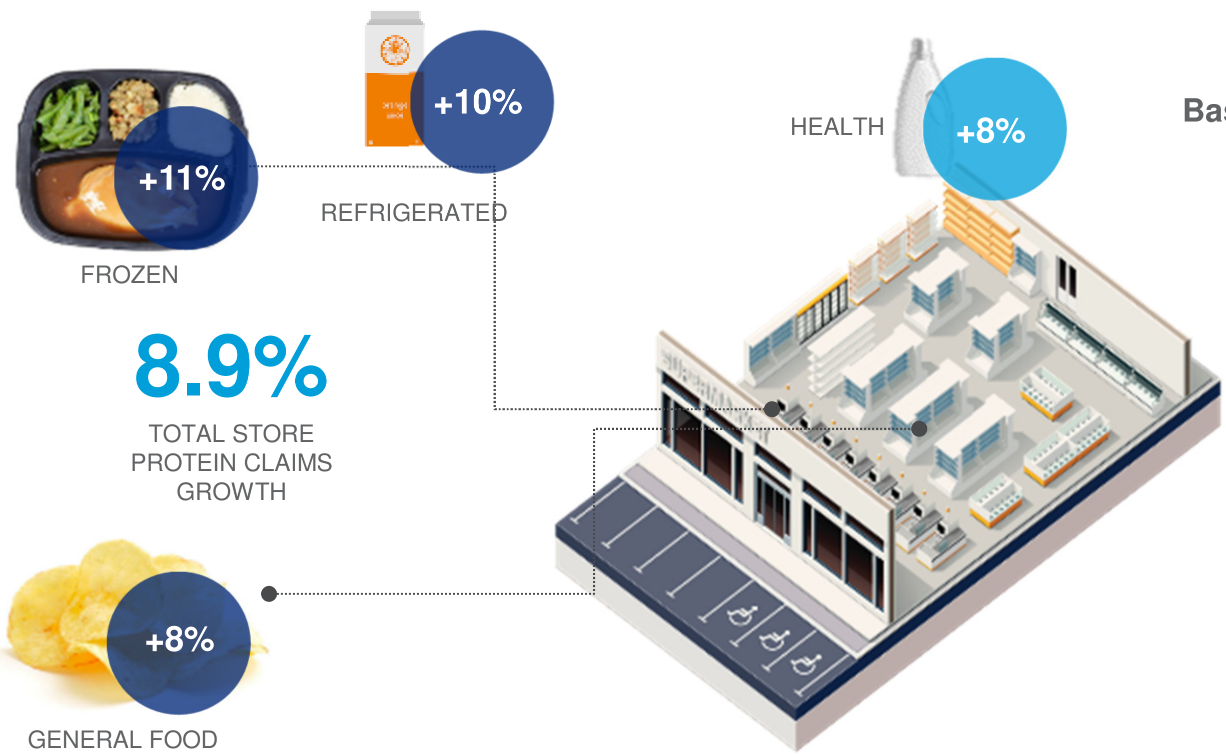
CONVENIENCE AND SIMPLIFICATION

SHOPPERS CARE ABOUT SUSTAINABILITY

TOTAL STORE PROTEIN GROWTH

ECOMMERCE AND NEW TECHNOLOGIES

Protein is a growth engine across the store



Top Growth Categories:
Based on Absolute Dollar Growth vs YA

FROZEN MEALS +13%

DAIRY +9%

SNACKS +11%

REFRIGERATED MEALS +13%

NUTRITION/WEIGHT LOSS +8%

FROZEN MEAT +13%

BAKERY +17%

MEALS +5%

BABY FOOD +5%

COOKIES AND CRACKERS +14%

*Source: IRI Market Advantage, US MULO, Data Ending 12/30/2018 *Fixed Weight Edibles Only*

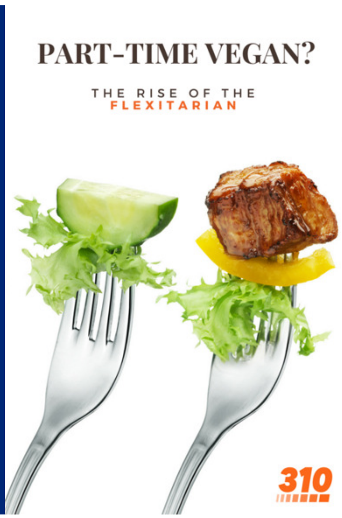
…And consumers look for additional benefits

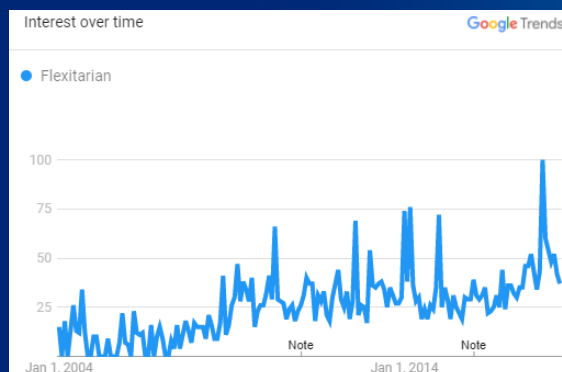
Claims across Center Store, Frozen, and Refrigerated Foods:

CLAIMS ON PACKAGE	$ GROWTH
Protein Claim	+9%
Protein + GMO Free	+21%
Protein + No Preservatives	+15%
Protein + No Antibiotics	+41%
Protein + No Hormones	+15%
Protein + Whole Grains	+27%
Protein + Probiotics	+59%

*Source: IRI Market Advantage, US MULO, Data Ending 12/30/2018 *Fixed Weight Edibles Only*

The flexitarian diet is on the rise





69%
Eat Meatless Meals Once a Week or More

28%
Reduced or Limited Their Meat Consumption

14%
Interested in Reducing or Limiting Meat Consumption

Source: health.usnews.com / Mintel / Google Trends

Plant-based options are growing in double digits across categories

New **retail strategies to align with consumer dietary preference** and demands are contributing to the growth of Meat Substitutes in the Meat case. However, **70%** of the “Beyond Meat” brand purchases are Meat eaters.

Dairy, Milk, Meat Alternatives	$ Growth vs YA
Cheese	43%
Yogurt	32%
Cream	26%
Almond Milk	8%
Meat Substitutes	22%

2019 is tracking similarly to 2018 in growth

Source: Food Navigator – June 2018

Helping consumers feel good about their food – mixing for flavor

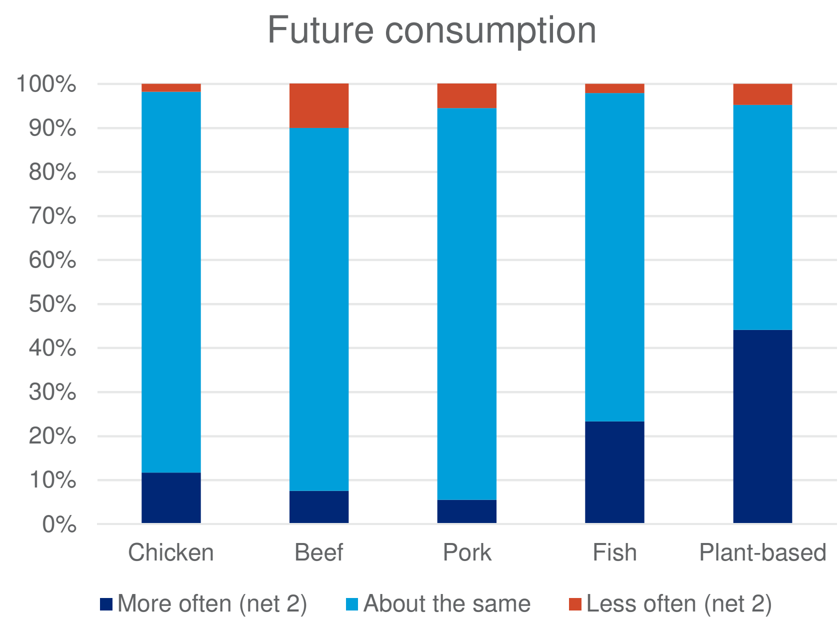
Its Meat *and* NOT *or*

Trips where Meat Substitutes are Purchased are **4x More Likely** to include Meat

Source: IRI Shopper Loyalty data for FW/RW meat substitute product, ranked by Basket Co-Purchase index, 2018. Photos by Mighty Spark Foods

Consumers intend to consume more plant-based foods and fish in the future

- While the future consumption intent is steady for the traditional meat-based proteins, both fish and plant-based meat shows more positive future consumption intent
  - 23% of fish and 44% of plant-based consumers plan to consume these protein types more often in the future.

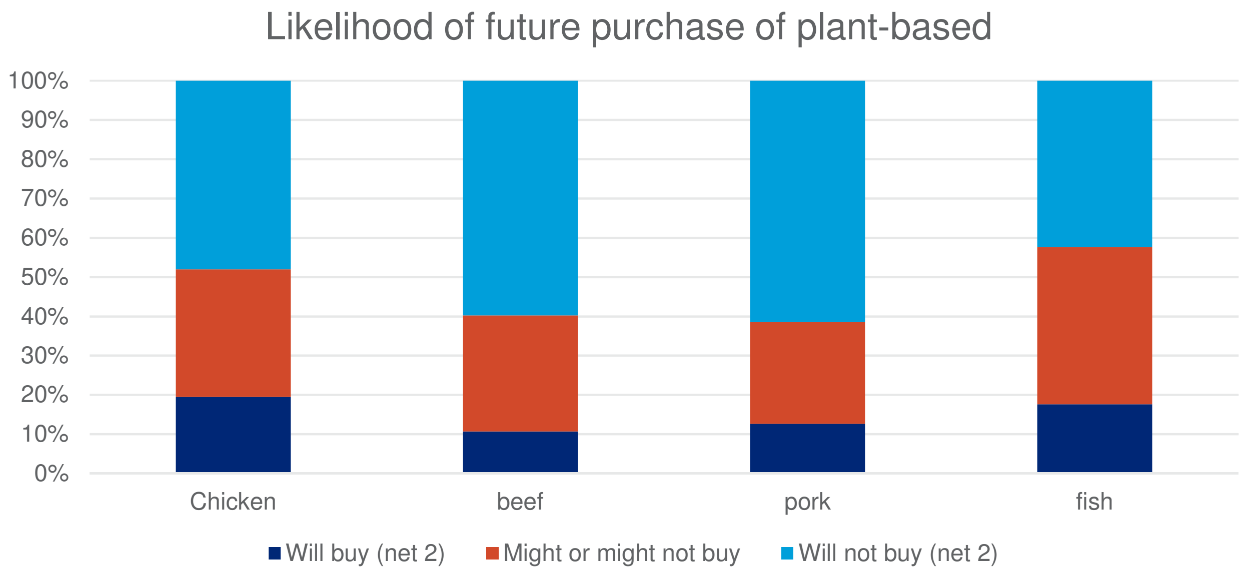


Q5. Within the next 6 months, do you plan to consume … much more often, a little more often, about the same, a little less often, much less often

Source: IRI Drivers Survey

Among those who do not currently consume plant-based protein, chicken buyers are most open to consuming this type of protein in the future – 20% will consume.

Fewer than 10% of buyers of each meat protein have purchased plant-based in the past 6 months



S1. Which of the following types of meat/protein types have you purchased in the last 6 months.
Q6. You mentioned that you haven't bought plant-based meat/plant-meat alternatives in the past 6 months. How likely are you to purchase this type of protein in the future?

Source: IRI Drivers Survey

Top trends driving and disrupting meat

CONVENIENCE AND SIMPLIFICATION

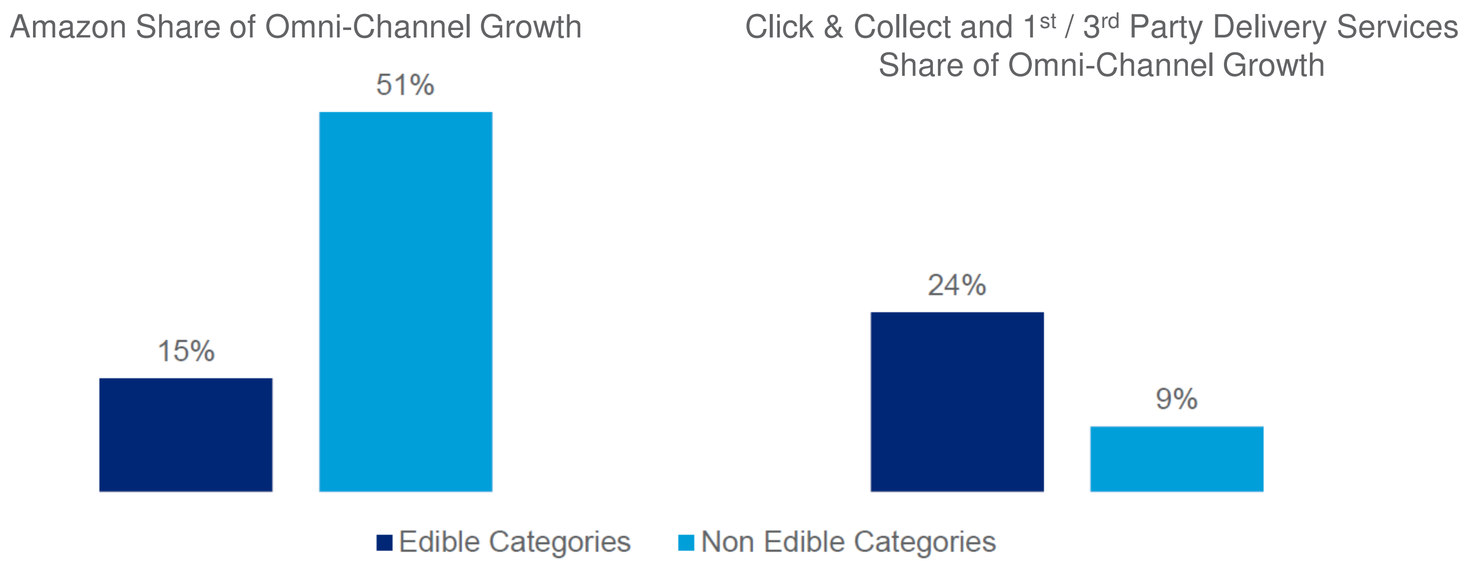
SHOPPERS CARE ABOUT SUSTAINABILITY

TOTAL STORE PROTEIN GROWTH

ECOMMERCE AND NEW TECHNOLOGIES

Delivery & pick-up are now a billion-dollar business

Making an impact in meat



$1.1B e-Commerce Total Dollar Sales

+55% e-Commerce Dollar Sales Growth

33% e-Commerce Contribution to MULO+E Dollar Growth from 1% of the business

Source: IRI eMarket Insights CY 2018;1st Party Delivery Services = Peapod, FreshDirect, Amazon Fresh, Amazon Prime Now, Albertsons/ Safeway; 3rd Party Delivery Services = Instacart and Shipt

Retailers are using technology to redefine the path to purchase for food

Retail-as-a-Service (RaaS) enables retailers to purchase the solutions from a provider and use them to advance their infrastructure. These plug-and-play solutions are especially valuable for retailers that don't have the **resources to build and execute on their own.***

Kroger has partnered with Microsoft to develop and market **a commercial RaaS solution** for the retail industry. Developed by and for retailers, the suite of applications includes cloud-based, Azure-powered support of merchandising plans, access to customer insights, employee productivity tools, out-of-stock solutions and enhanced customer experience.**

Kroger's EDGE Shelf (Enhanced Display for Grocery Environment) **delivers digital, hyper-personalized promotions** and information to shoppers, which also links to Kroger's Scan, Bag, Go app for a guided shopping experience. **Kroger announced plans to roll out EDGE to 200 stores this year.****

*Source: *https://www.mytotalretail.com/article/understanding-the-emergence-of-retail-as-a-service-raas/*
*Source: **https://www.supermarketnews.com/retail-financial/kroger-microsoft-partner-retail-service-platform*

Retail-as-a-service will expand in 2019

RaaS's contribution to supply chain innovation will likely be the most transformative area retailers will experience, with three major developments occurring.*

- Improved deliveries, with superior management capabilities for optimization and efficiency.
- Quality, customer-facing service, because improvements to the supply chain will mean improved customer service.
- Connected experiences, integrating everything from inventory control to delivery dates.

Retailers are heeding consumer demand for personalized shopping experiences and exploring innovative options.**

Beyond targeted emails, retailers are employing technologies to streamline purchasing channels. Walmart recently equipped employees with an in-store app to allow customers to order and pay for items from the retailer's website while in the physical store.**

According to data released earlier this year from Accenture and the Retail Industry Leaders Association, **63%** of consumers are interested in personalized recommendations, while 64% are willing to share personal data in exchange for benefits like loyalty points and automatic credits for coupons.**

*Source: *https://www.mytotalretail.com/article/understanding-the-emergence-of-retail-as-a-service-raas/*
*Source: **https://www.retaildive.com/news/10-retail-trends-to-watch-in-2019/545314*

Assortment is no longer restrained by physical presence in the store

Grocers bring endless aisles in-store

Endless aisles online are becoming the norm, with shoppers often unaware that items they obtain through a retailer's website might not be items that retailers typically carry and are delivered by a third-party vendor.

Grocery isn't immune from the new age of 24/7 shopping and the expectation of next-day — or same-day — delivery, and it's increasingly viewed as their opportunity to offer one-stop shopping.

The **retailer's success with endless aisles** depends on the **right fulfillment partners** that can deliver on the back end, which works with retailers and their supplier partners to provide consistent quality across search, sort and select.

Ahold Delhaize is experimenting with in-store kiosks throughout its concept store in Belgium, providing shoppers the ability to digitally tap into thousands of items for next-day delivery to home or the store. Store personnel are trained to encourage and help shoppers use the endless-aisle offering.

Albertsons Co. has launched its Digital Marketplace. The endless aisle isn't intended to conflict with the physical store, but to provide a bridge to things like artisan foods and natural and organic household items.

The **in-store experience is diminished** when the **products shoppers seek aren't on the shelves,** either due to dreaded out-of-stocks or because slow-moving items were removed.

Source: https://progressivegrocer.com/2019-outlook-year-grocers-bring-endless-aisles-store

In-store services and processes will transform over the next 10 years

Retail robots can spot mistakes on shelf labels and product location and reshelve/notify humans. Robots reduce people costs by 15%.

Robots can sell things: Retailers are experimenting with retail robots that handle the roles humans normally fill. Nestlé has deployed a humanoid robot called Pepper, which has a tablet on its chest, to sell coffee makers in Japanese department stores. Pepper understands about 80% of conversations and can use the information it picks up to help customers.

Retail robots can help shoppers find items: Lowe's partnered with Fellow Robots to create an in-store bot called the LoweBot to assist people with locating items, thereby potentially reducing the chances shoppers might get upset and leave disappointed. Users can either verbally state which items they want, or they can type them in on an interactive keyboard.

They can clean up an aisle: Giant Foods it will be introducing a robot called Marty to its 172 U.S. stores Marty's primary purpose is to roam the store autonomously, pointing out hazards for store staff to clean up. Walmart has similar robots but those clean up aisles too.

*Source: *https://www.roboticsbusinessreview.com/retail-hospitality/retail-robots-disrupt-industry/*
*Source: **https://www.businessinsider.com/giant-food-stores-bringing-robots-to-stores-2019-1*

Voice commerce is becoming the norm and the likely catalyst for grocery omnichannel adoption

Nearly three in 10 consumers — or 27% — own a voice-controlled assistant.

28% of consumers who owned voice-activated speakers used them to make purchases.

Amazon's Echo smart speaker users spend $1,700 on average each year on Amazon, higher than the $1,300 Amazon Prime customers spend annually.

6% of voice assistant owners report making purchases on their devices for event tickets.

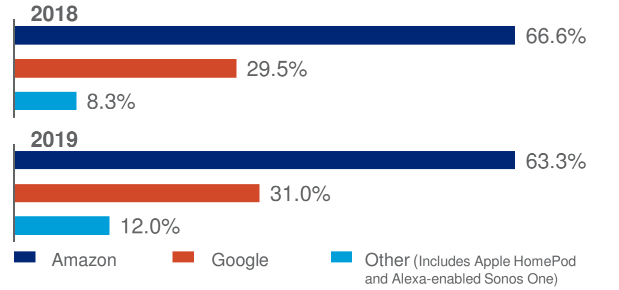
14%of voice assistant owners report making purchases on their devices for groceries.

11% of voice assistant owners report making purchases on their devices for food orders.

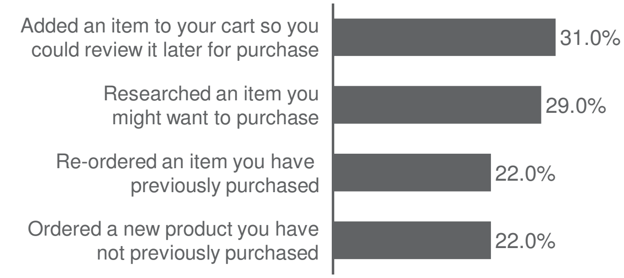
Source: https://www.pymnts.com/news/retail/2018/smart-speakers-voice-ordering-alexa-homepod-shopping/

Shopping by voice will transform how people buy and it's only getting started

Penetration, by Brand, 2018 and 2019 U.S. Smart Speaker User**
% of Smart Speaker Users



1 in 5 Smart Speaker Owners Uses Voice Commerce*



eMarketer estimates the number of U.S. voice-enabled digital assistant users reached 69 million in 2018, and estimates that figure will grow to 75.5 million in 2019.**

Voice commerce in retail totaled $2.1 billion in 2018, or 0.4% of the total e-commerce pie.**

Voice commerce is on the rise as more U.S. households own voice-enabled devices, with smart speaker ownership jumping to 27% of consumers this year from 14% a year earlier, per a study by Visa and publisher Pymnts.com.**

About one-third (28%) of respondents who own voice-activated speakers used them to make a purchase in the past seven days. Groceries (5%) and food delivery (4%) were the most popular categories for voice ordering, the survey found.**

*Source: *Edison Research Smart Audio Report Source: *https://kinsta.com/blog/ecommerce-statistics/*
*Source:**eMarketer*

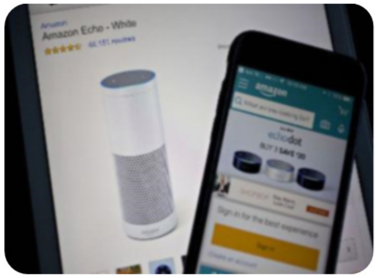
Will consumers ask Alexa for “chicken breast” or “Brand X chicken breast”?

Major retailers including Walmart and Amazon are extending into voice-assisted shopping through Amazon Alexa and Google Assistant smart home speakers. Ordering Walmart items through Google Assistant requires an additional voice command “Hey Google, talk to Walmart” compared to the single voice command when ordering through Amazon Alexa devices “Hey Alexa, order bananas.”*

Amazon announced that Echo users can now use the smart speaker to shop at Whole Foods. Alexa can now add Prime Now order items to a Whole Foods cart, with same-day delivery guaranteed within two hours. Alexa can even choose certain items based on a customer’s order history and the purchasing behavior of other customers.*

Casual pizza restaurant chain Fazoli’s was testing the ability for customers to use Amazon’s Alexa to order meals. Orderscape currently offers automation ordering technology for Amazon’s Alexa, and plans to add Google Assistant and Google Home in the future.*

The Kroger Co. is furthering its efforts in contextual commerce by adopting voice-assistant technology for ordering groceries online. Customers can interact with their Kroger Grocery Pickup cart via an action in the Google Assistant voice app — which can be accessed through iOS, Android and Google Assistant devices.**



Source: *https://www.foodnavigator-usa.com/Article/2019/04/25/Ecommerce-in-focus-Is-voice-ordering-the-future-of-online-grocery
Source: **https://progressivegrocer.com/kroger-launches-voice-assistant-ordering-grocery-ecommerce

THE KEYS TO SUCCESS

4

Looking forward: implications of top trends for chicken

CONVENIENCE AND SIMPLIFICATION

Provide practical, how-to's in store

Promote higher values outside

SHOPPERS CARE ABOUT SUSTAINABILITY

Humane certifications matter

Help people feel good about those values

TOTAL STORE PROTEIN GROWTH

Chicken is sharing the protein spotlight

Plant-based is small but will create growth headwinds

ECOMMERCE AND NEW TECHNOLOGIES

The path to purchase will change dramatically.

Prepare now to win or plan to lose.

THANK YOU!

For More Information, Contact Us…

Chris DuBois SVP, Strategic Accounts
Chris.Dubois@IRIworldwide.com

Joyce Neth VP, Director of Audience Development & Research
JNeth@WattGlobal.com

APPENDIX

Derived Importance Charts

