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Insights for 2022

Hear What's Up & Coming!

FreshEX

General Session

Foodservice Consumer Level Set

Retailer and Restaurant Consumer Insights

Robert Byrne

Director, Consumer & Industry Insights

What is behind foodservice choices?

Who is stealing share from who?

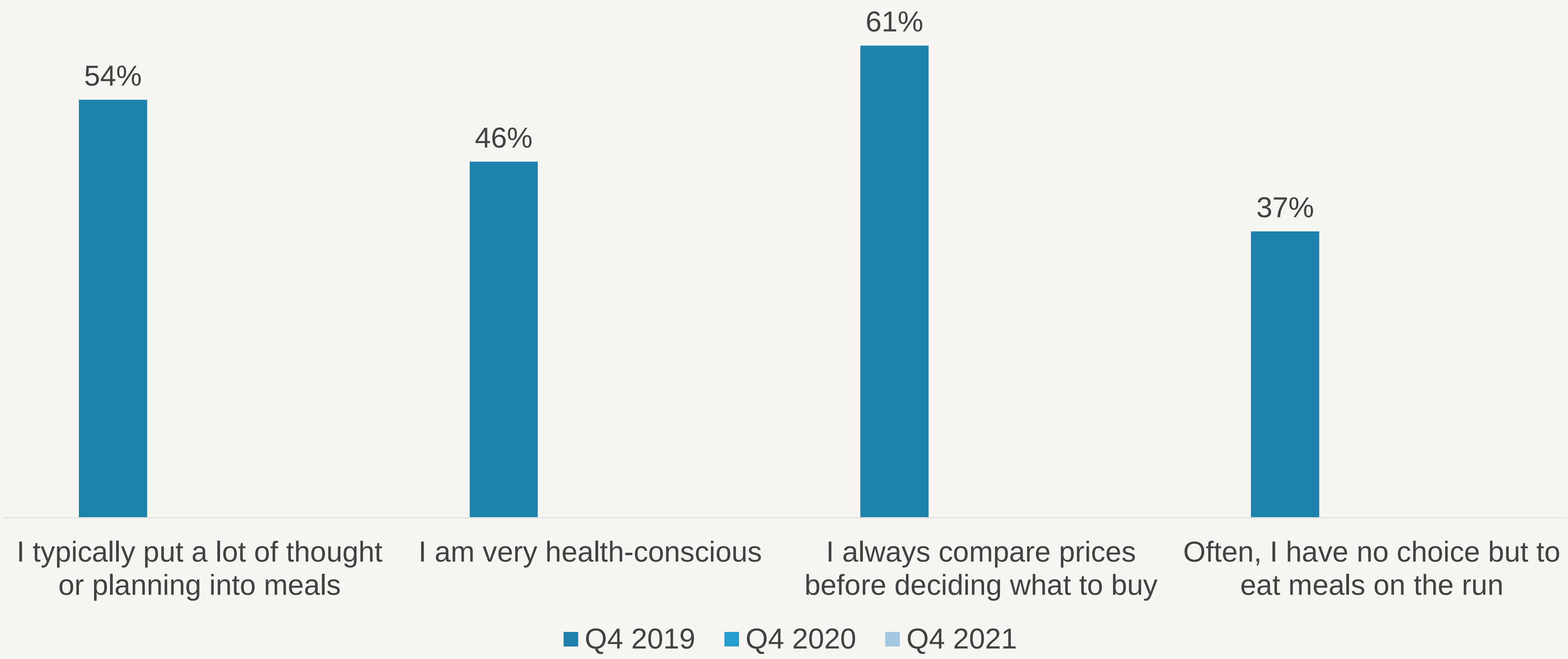
Are we back to normal yet?

But what about Wisconsinites?

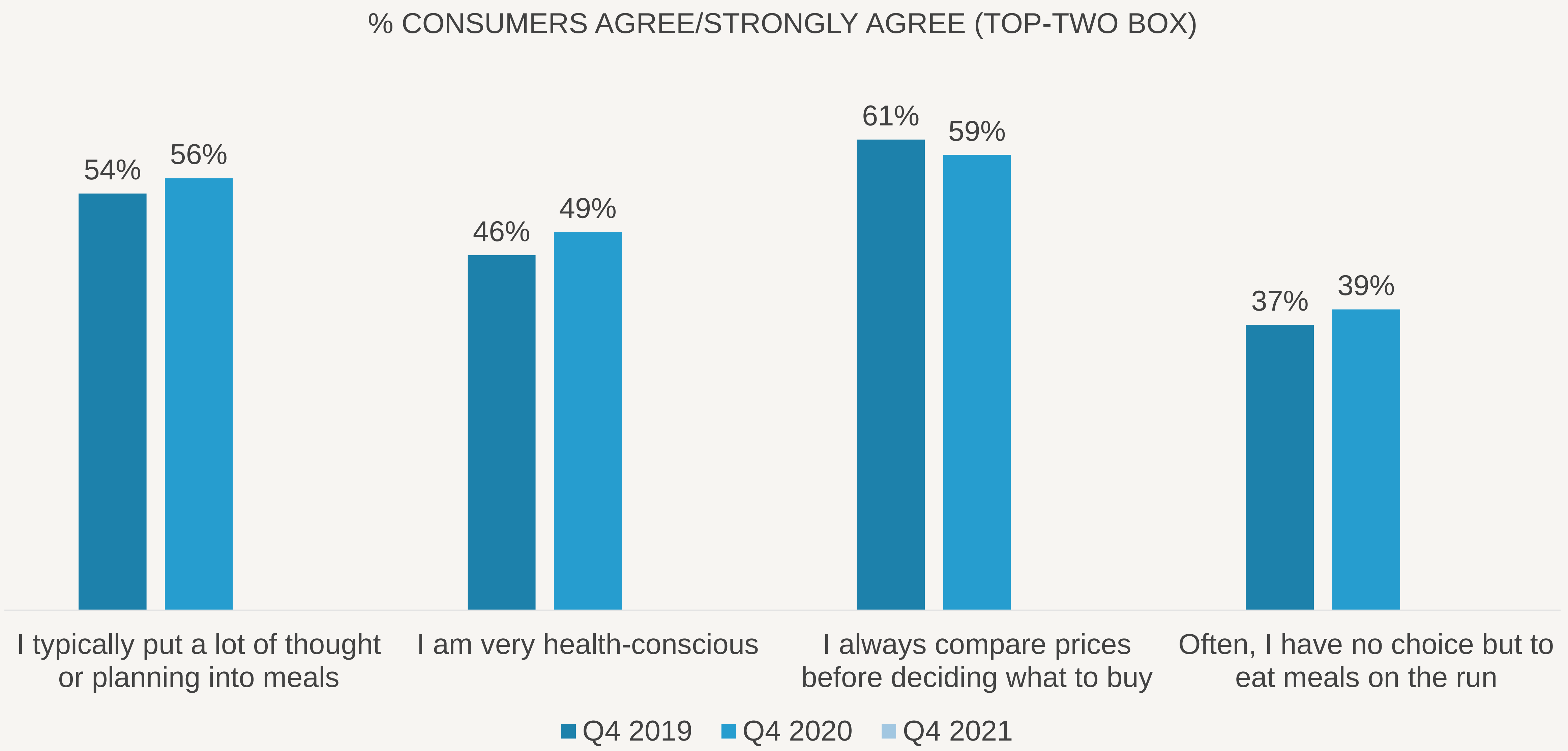
Convenience?
Value?
Experience?
Heathy?

Consumers often bring competing needs to the table, but which are really driving foodservice decisions?

% CONSUMERS AGREE/STRONGLY AGREE (TOP-TWO BOX)



Base: 27,300 consumers 18+ per quarter shown
Source: Technomic Ignite Consumer



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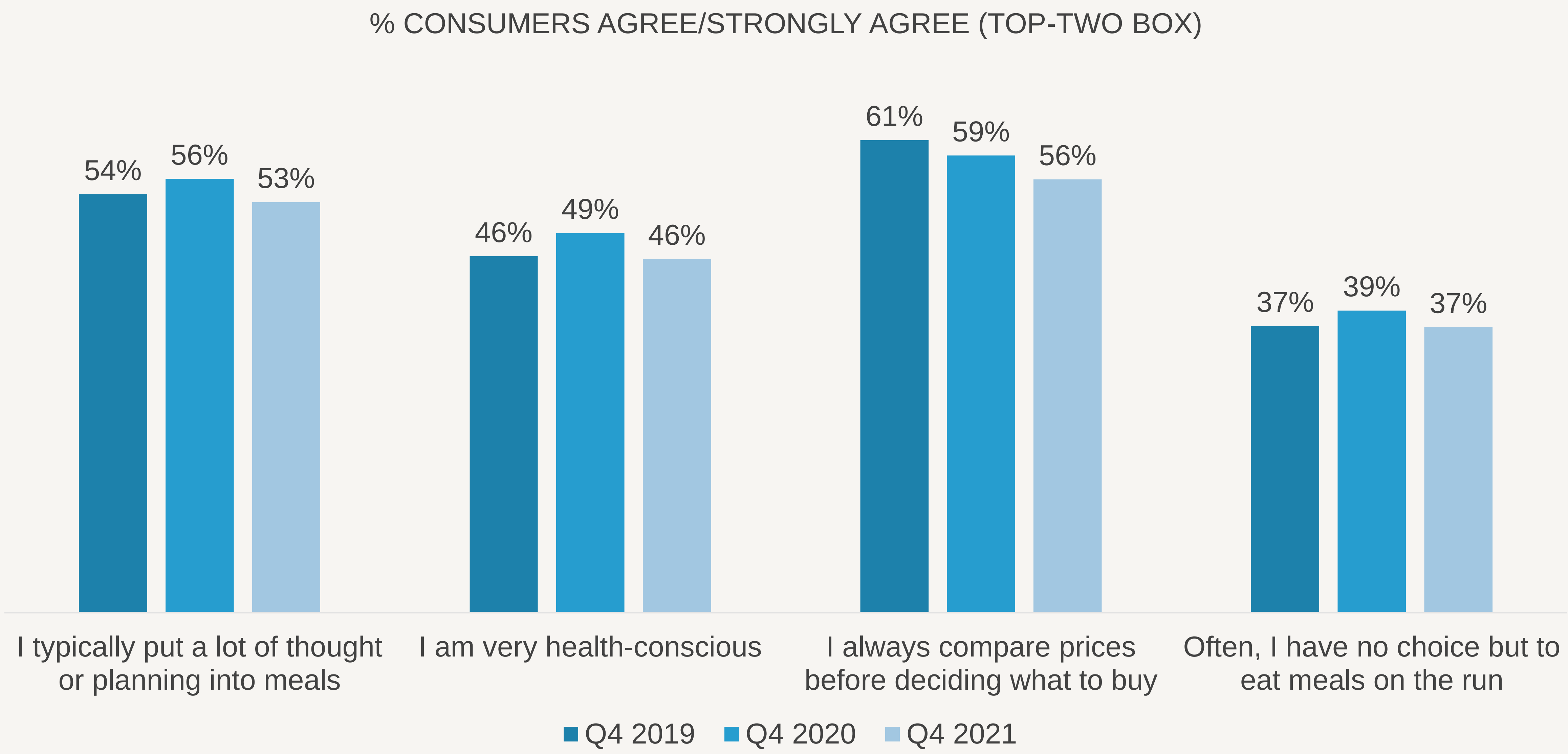

Base: 27,300 consumers 18+ per quarter shown
Source: Technomic Ignite Consumer

Base: 27,300 consumers 18+ (Q4 2021)
Source: Technomic Ignite Consumer

Foodservice motivators continue to evolve

Some developments may be counterintuitive

For Wisconsinites convenience may look different, but value is paramount

Where do retailers fit into the consideration set?

Recent restaurant and retailer foodservice user choices

WHAT WOULD YOU HAVE DONE AS AN ALTERNATIVE DURING THIS RECENT OCCASION?	Visited another retailer	Ordered from a restaurant	Prepared food at home
RESTAURANT DINER	9%	54%	38%
RETAIL FOODSERVICE SHOPPER	29%	18%	53%

Base: 109,000 restaurant consumers 18+ /
4,800 retail foodservice consumers 18+
Source: Technomic Ignite Consumer

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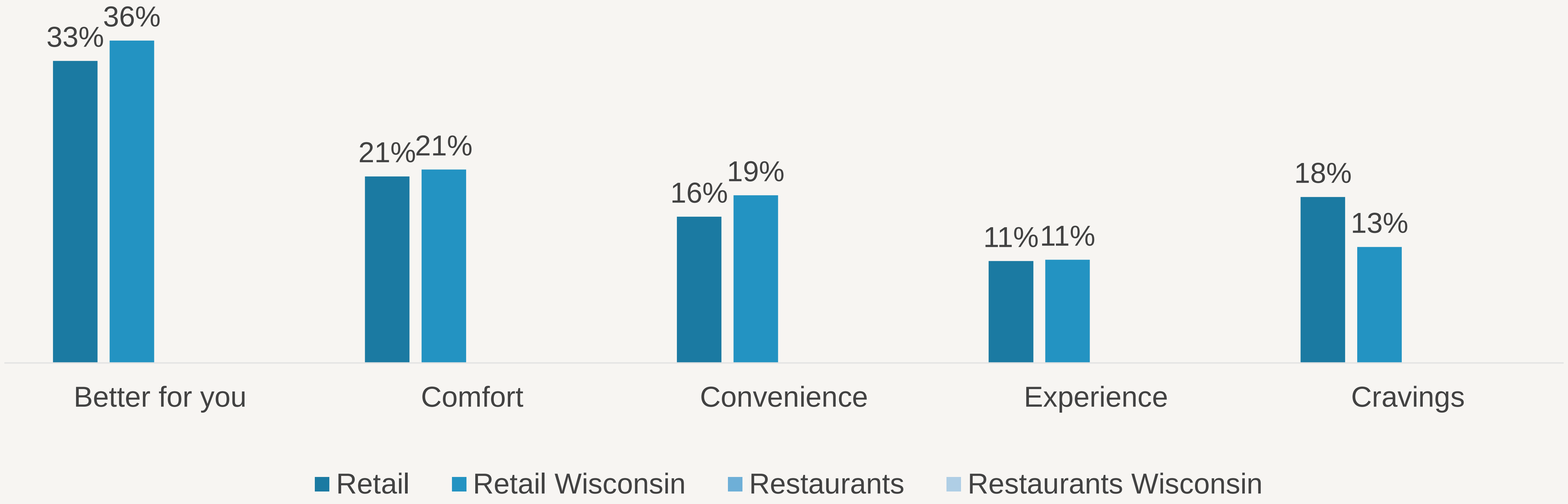
WISCONSIN RESTAURANT DINER	7%	55%	38%
WISCONSIN RETAIL FOODSERVICE SHOPPER	***31%***	***20%***	***49%***

Base: 109,000 restaurant consumers 18+ /
4,800 retail foodservice consumers 18+
Source: Technomic Ignite Consumer

CONSUMER NEED STATES:
WHICH BEST DESCRIBES YOUR REASON FOR VISITING THIS LOCATION?



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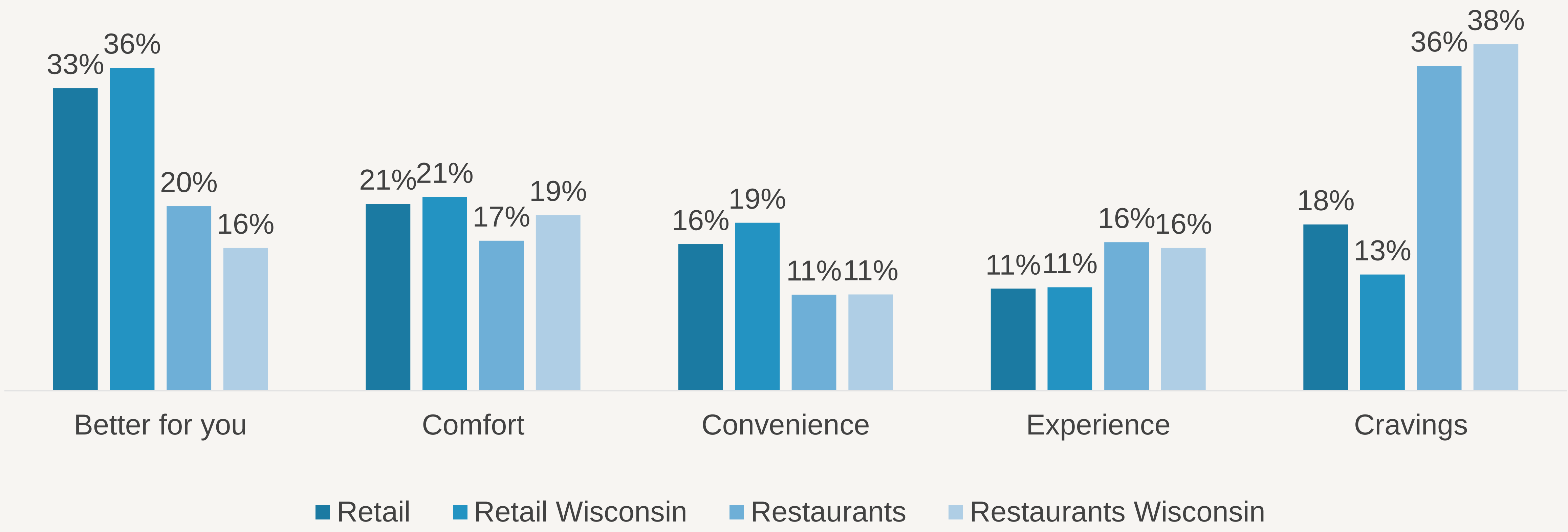


Base: 109,000 restaurant consumers 18+ /
4,800 retail foodservice consumers 18+
Source: Technomic Ignite Consumer

Solving for the need

Wisconsinites looking for AFH solutions, increases competitive pressures

Retailers own Better-for-you need states

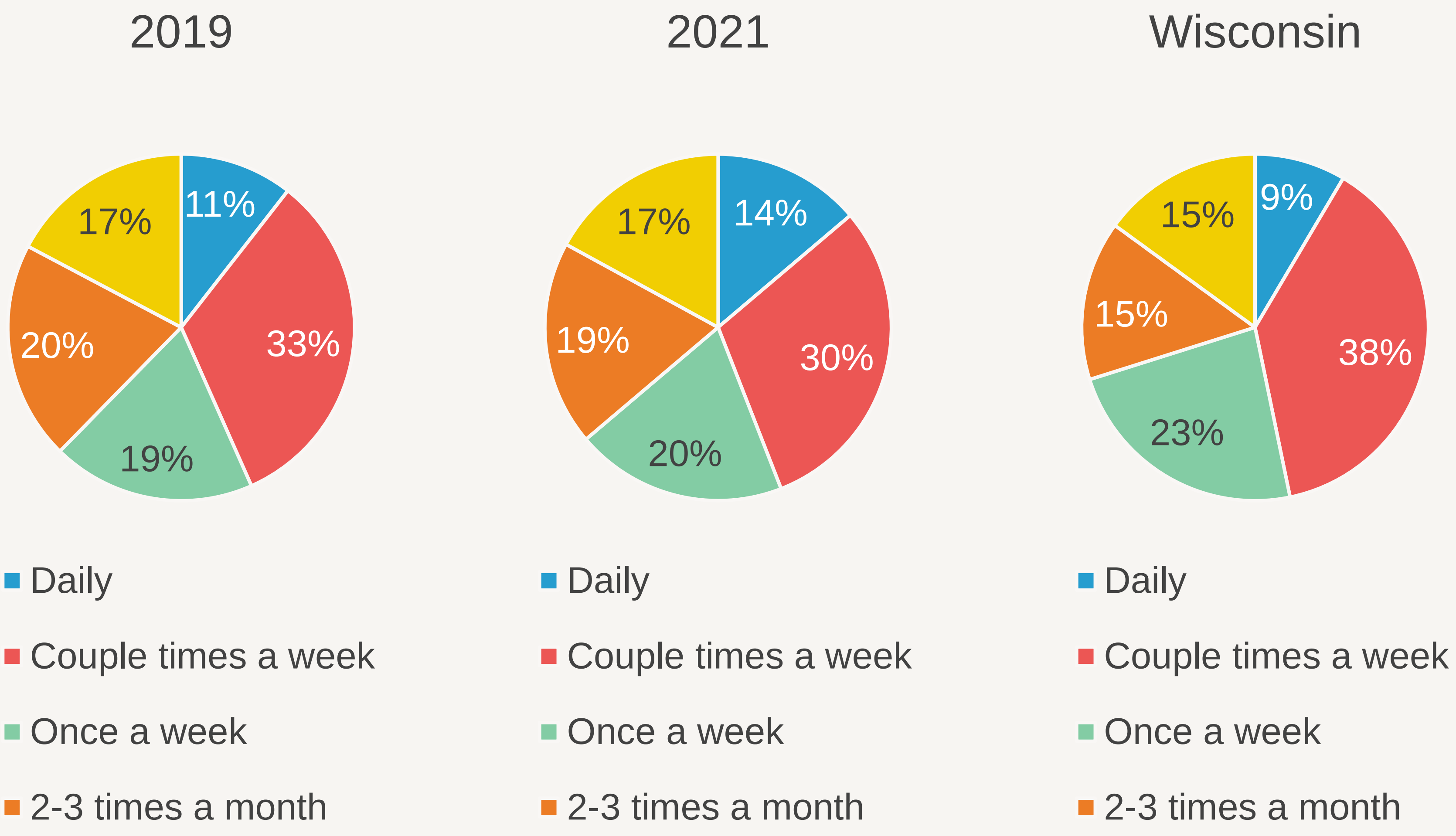
Consumers indicate cravings lead them to restaurants

How are shoppers in Wisconsin engaging?

Recent restaurant and retailer foodservice user metrics

RETAILER FOODSERVICE FREQUENCY

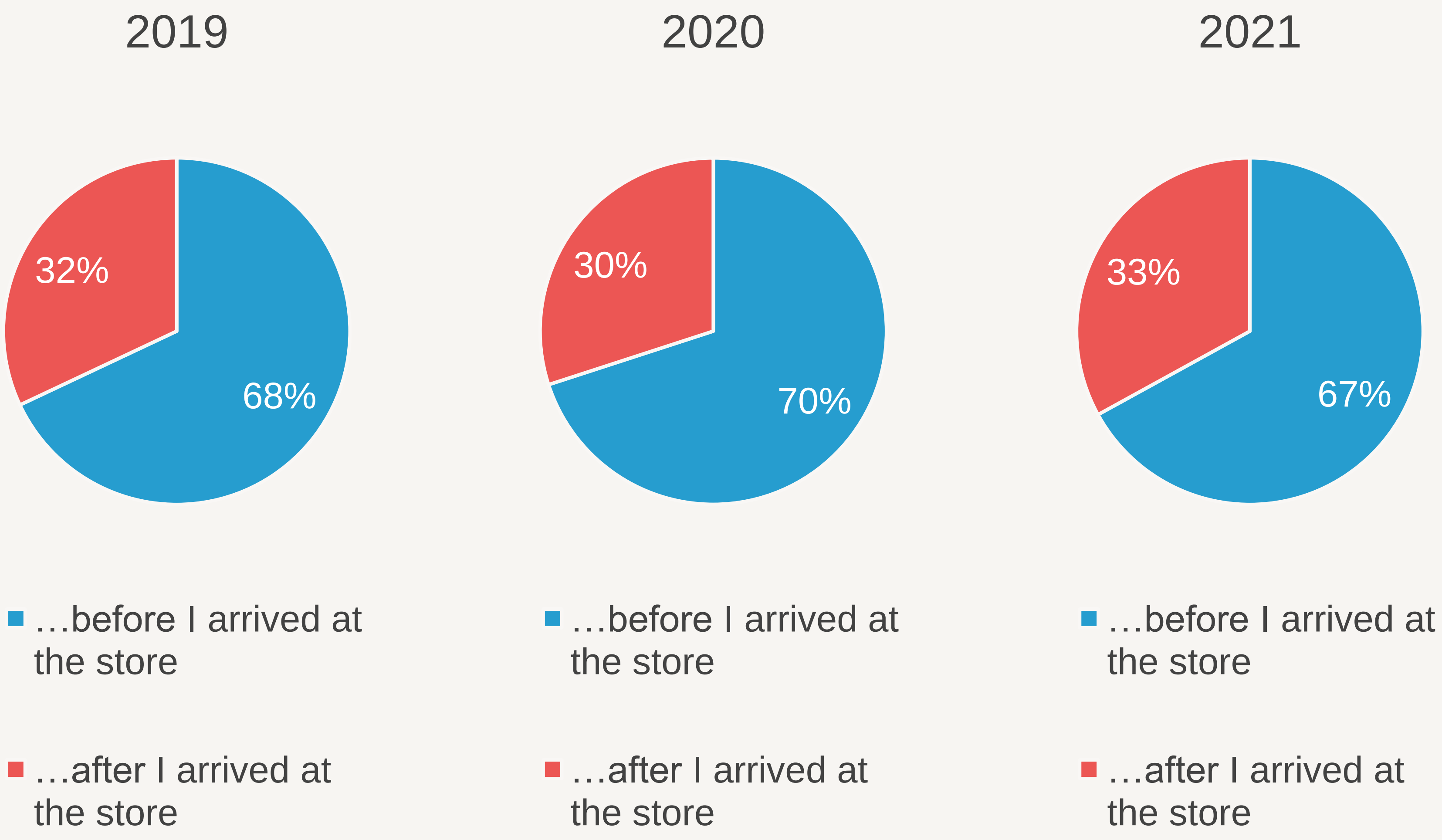
Consumers generally increase fresh-prepared frequency yet Wisconsin lags national average



Q: How often do you purchase prepared meals from a grocery store or other retail store, either for dine-in or takeout?
Base: approx. 9,400 retail foodservice users 18+ per year
Source: Technomic Ignite Consumer

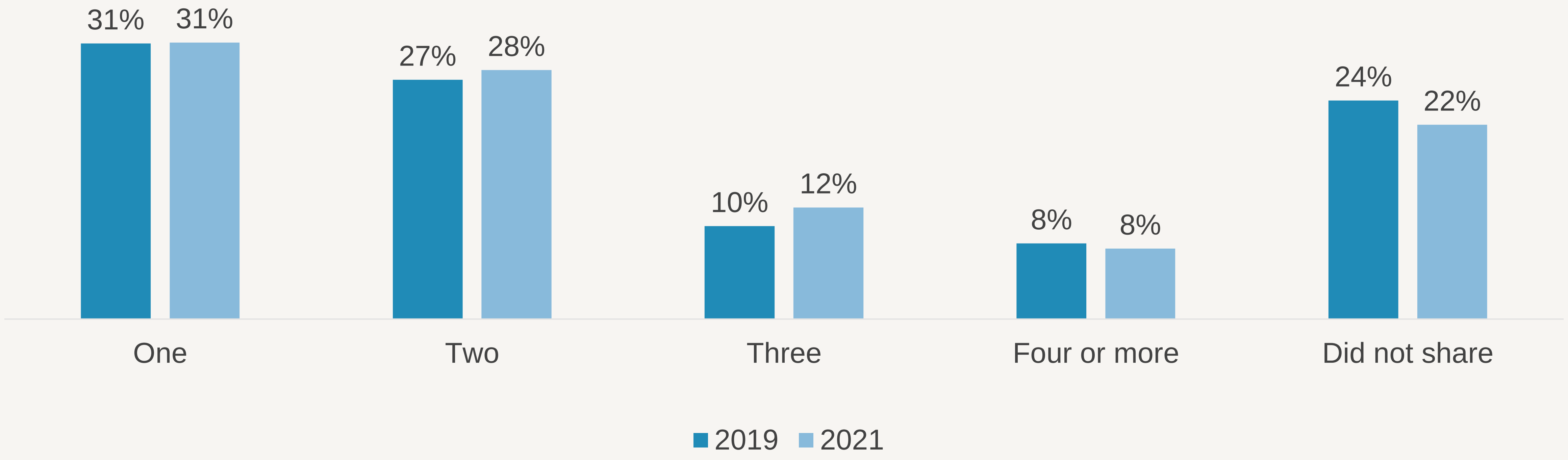
PREPLANNED FOODSERVICE VISITS

Consumers returning to in-store decisions for foodservice purchasing



Q: I decided to purchase a prepared-food item at this store…
Base: approx. 9,400 retail foodservice users 18+ per year
Source: Technomic Ignite Consumer

PARTY SIZE HAS GROWN:
HOW MANY PEOPLE DID YOU SHARE YOUR PREPARED FOOD/BEVERAGE WITH?



Base: approx. 4,700 retail foodservice users 18+ per year
Source: Technomic Ignite Consumer

Are you road-trip friendly?

Do you lead with price?

Do they think of you in a pinch?

What’s for lunch?

Are you road-trip friendly?

16% of retailer foodservice items consumed in the car

24% in Wisconsin

Do you lead with price?

22% strongly agree that retailers are "affordable" for foodservice visits

24% for quick-service restaurants

Do they think of you in a pinch?

34% of retailer foodservice occasions were unplanned

49% for quick-service restaurants

What's for lunch?

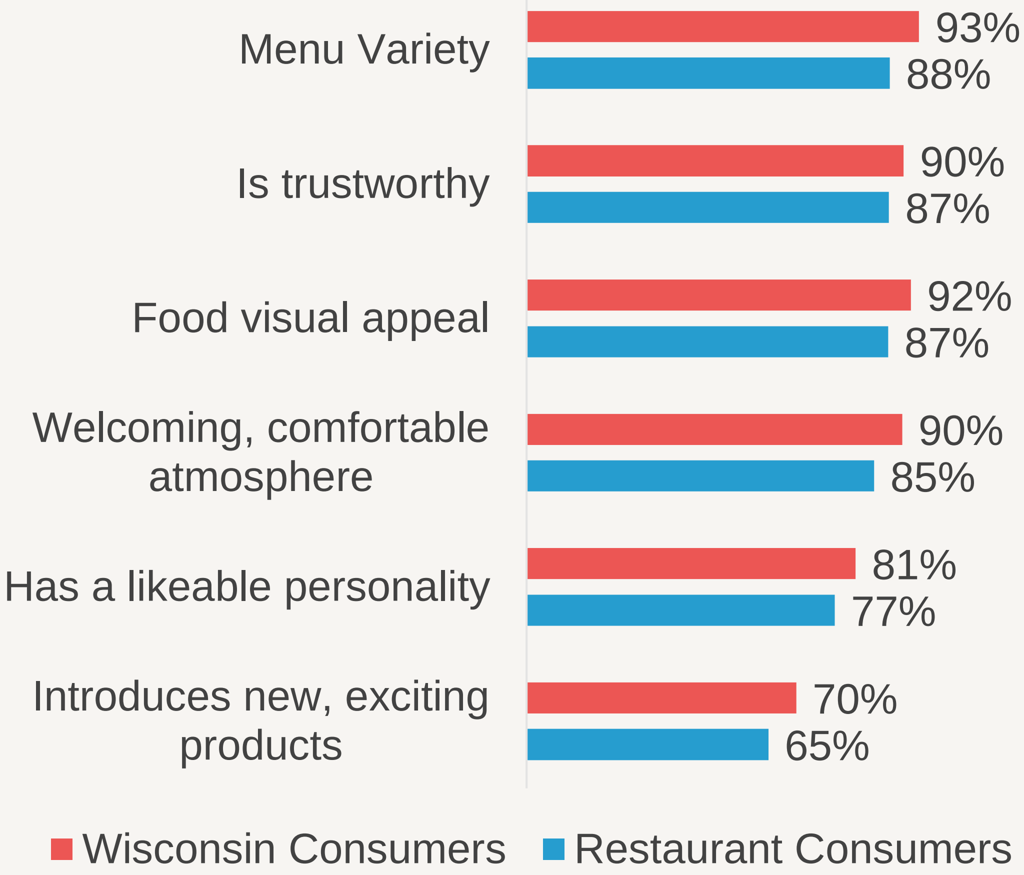
21% of retailer foodservice occasions were during lunch

32% for quick-service restaurants

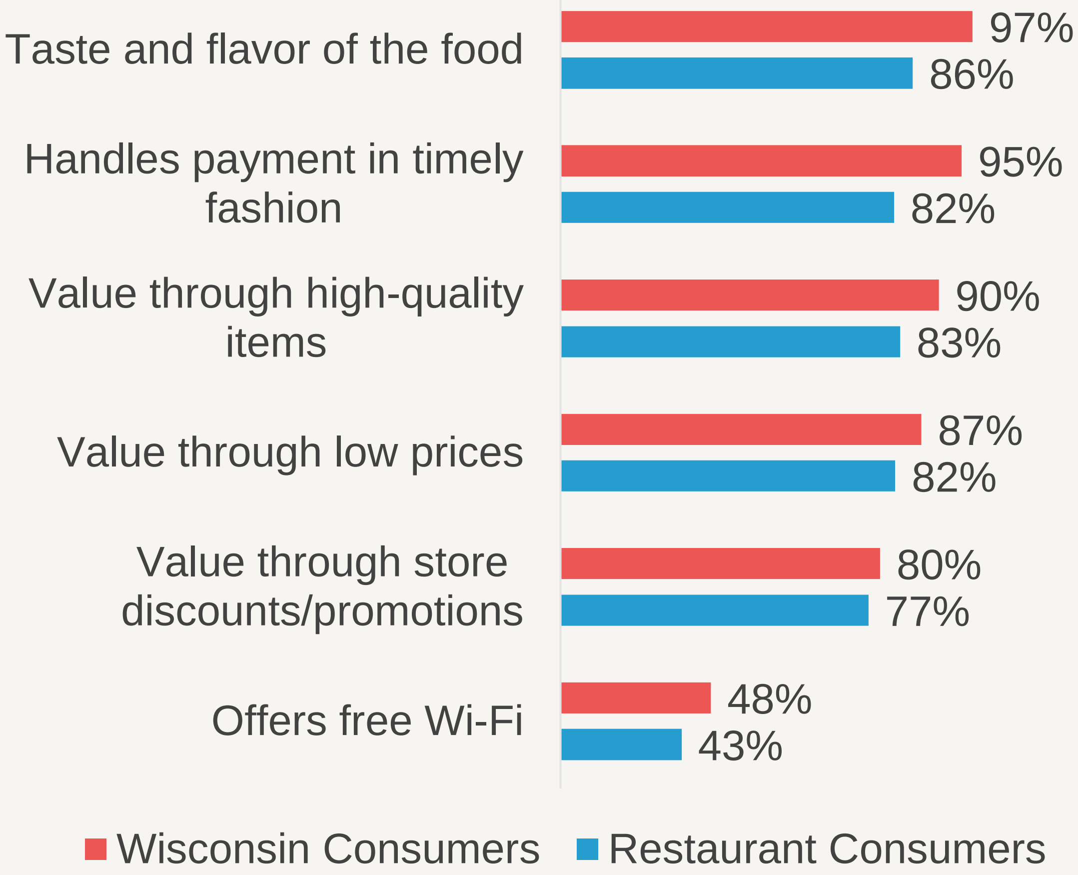
Base: 109,000 restaurant consumers 18+ / 4,800 retail foodservice consumers 18+
Source: Technomic Ignite Consumer

DECISION DRIVERS: TOP SKEWS FOR WISCONSINITES

IMPORTANT/VERY IMPORTANT WHEN CHOOSING A **RESTAURANT**



IMPORTANT/VERY IMPORTANT WHEN CHOOSING A **RETAILER**



Base: Varies, approx.3,500 consumers 18+ per attribute measured
Source: Technomic Ignite Consumer

Gone are the good old days

New behaviors and decision drivers are here to stay

Retailers own fresh and healthy

Competing with restaurants will require shift to craveable

Tech is non-negotiable

Fresh-prepared must carry spontaneous appeal

Position value through quality cues

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FreshEx 2022

FRESH TRENDS IN 2022

Joan Driggs
VP, Content & Thought Leadership

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More Meals at Home

Less Trips, But More Missions

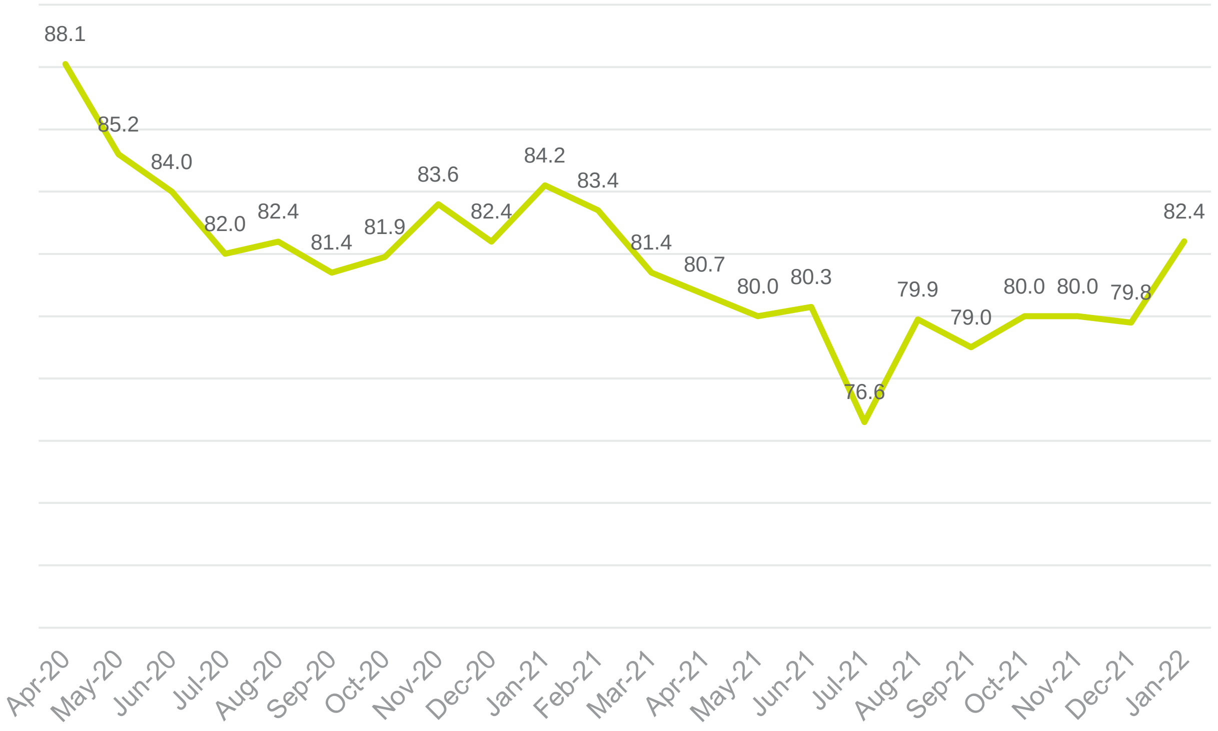
Four Themes, Accelerated During 2020, Expect to Have Long-Lasting Impact

New Ways of Shopping

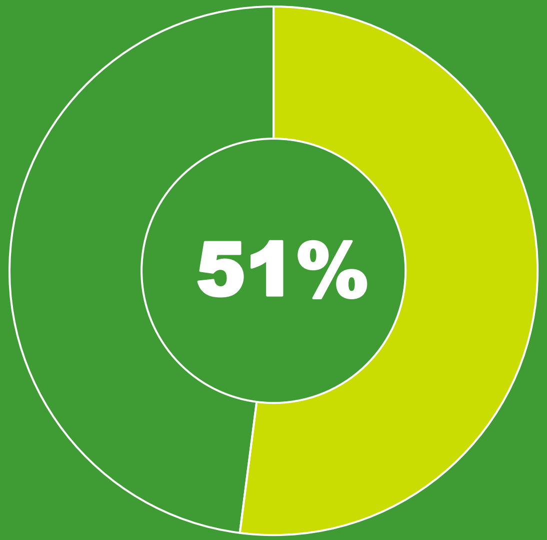
Solution Seeking Not Silo Shopping

U.S. Shoppers Are Still Making Far More Meals at Home Than Pre-Pandemic

Share of Total Meals Prepared at Home by Month (%)



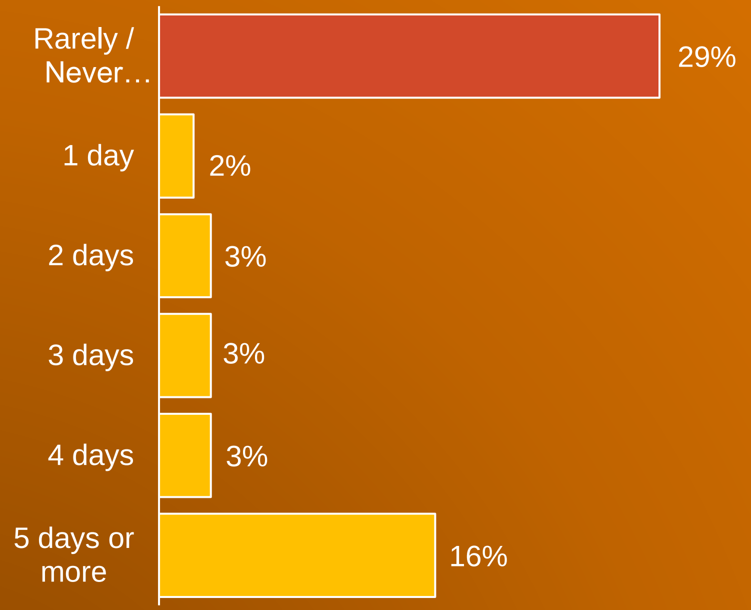
Estimated 2019 Wallet Share of Food Out-of-Home



Sources: IRI Shopper Survey Jan 2021, NRA

Home Meals Will Retain Their Importance

Likely to Work From Home in the Next Month



48% of those employed plan to work from home at least one day a week

82%

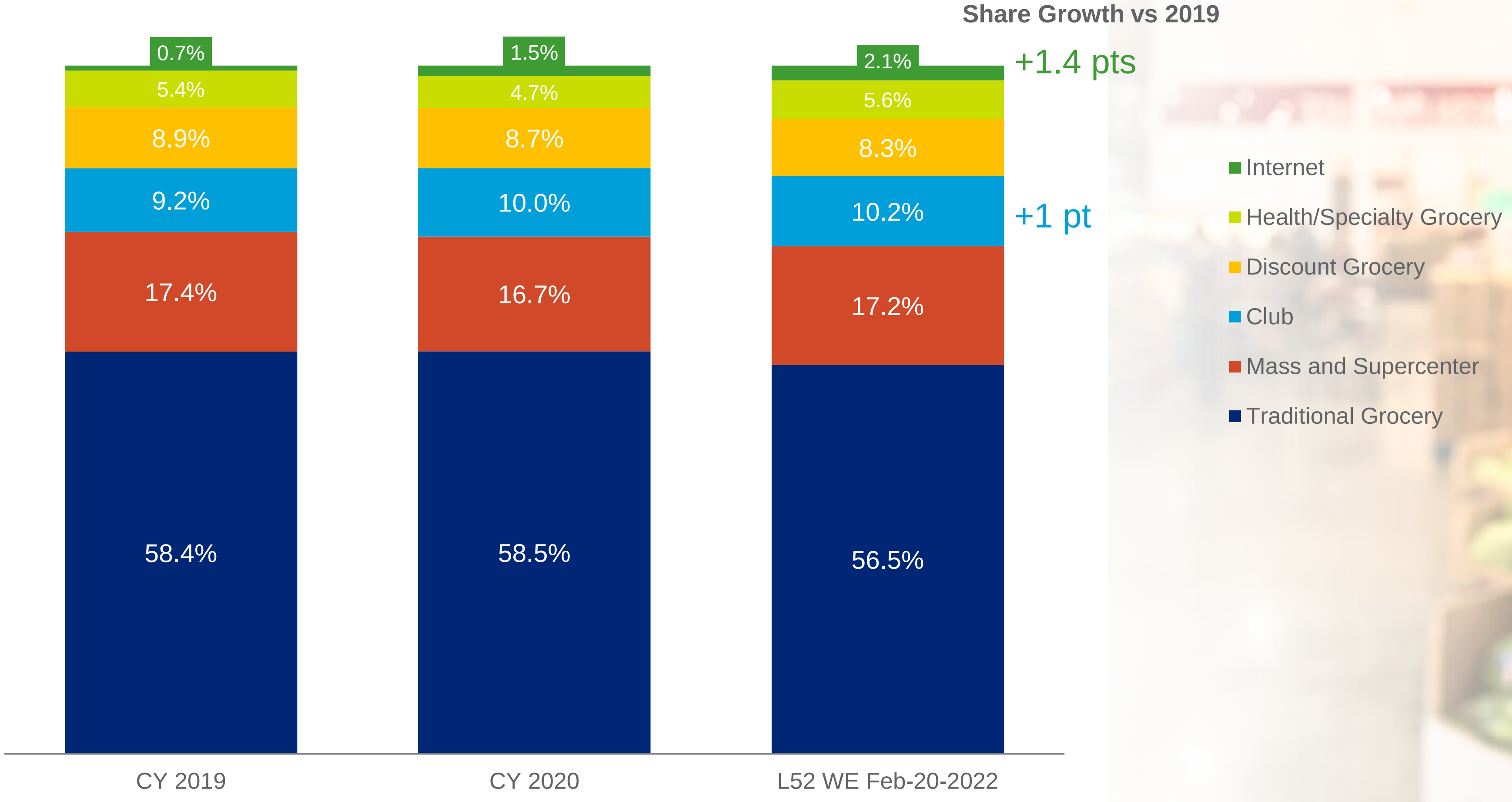
average shoppers' meals made and eaten in the home, compared to 48% in 2019

- New generation of cooks
- Investments in the kitchen
- Inflation
- Hybrid work

Source: IRI Survey among IRI Consumer Network™ Panel representing Total U.S. Primary Grocery Shoppers, January 2022

Focusing in on Fresh, There Have Been Share Shifts Across Channels with Club, Online, and Health / Specialty Winning Share vs. 2019

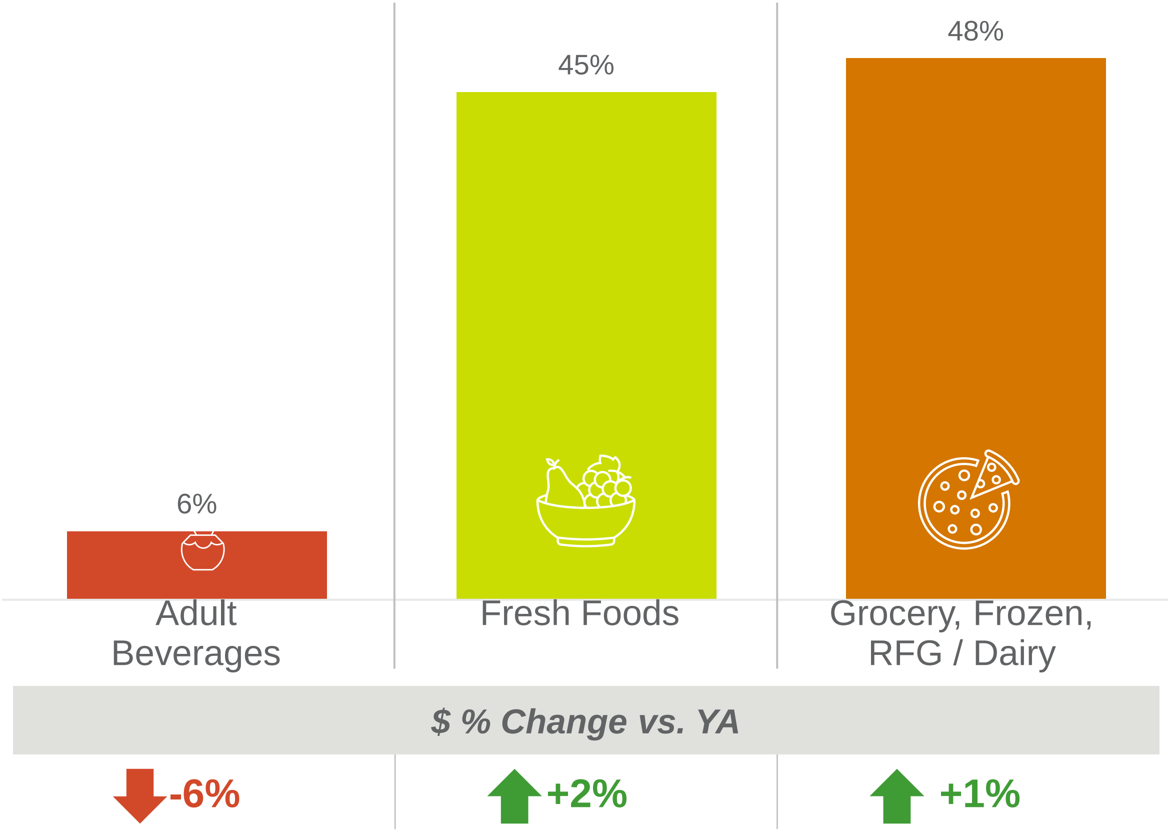
Total Fresh Foods (RW + FW) Dollar Sales Share by Channel



Source: All Outlets with +1% share shown; Fresh includes Meat, Produce, Baked Goods, Deli, Bulk Foods and Seafood

Beverages, Produce, Deli and Bakery Saw Increases vs. YA, Other Departments in Decline

Dollar Share, L52 02/20/2022



Dollar Sales % Change (Sorted Top to Bottom by Total $ Sales)

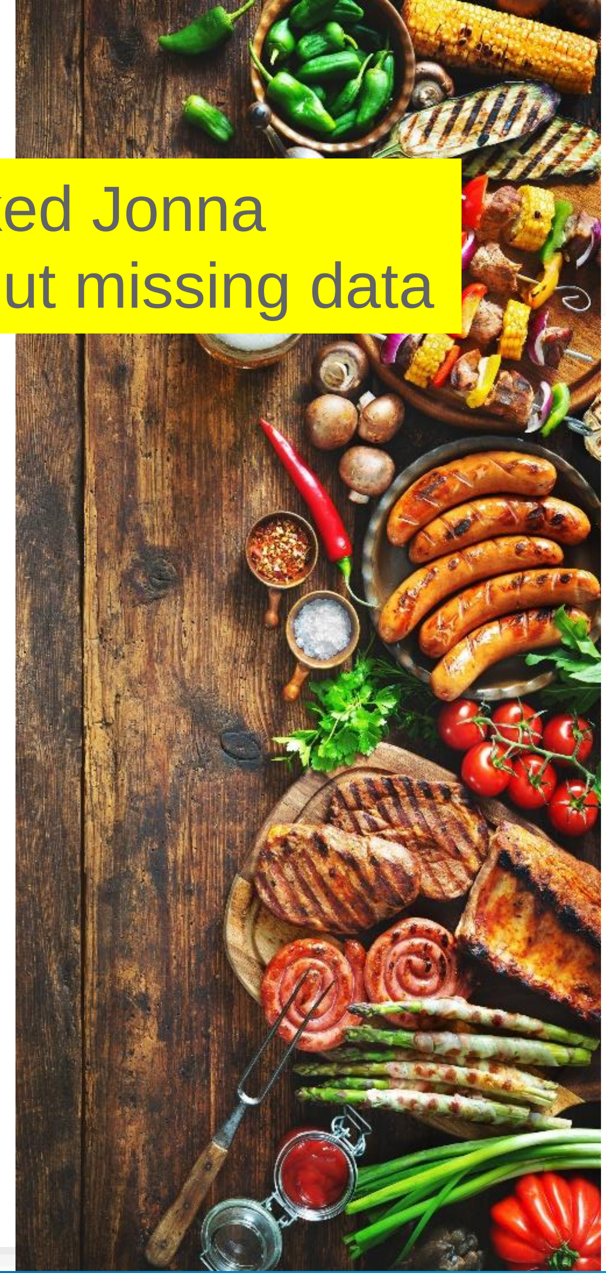
	vs. YA	vs. 2 YA
General Food	-0.9%	14.1%
Meat	-1.2%	19.8%
Beverages	7.2%	22.1%
RFG / Dairy	-2.2%	13.2%
Produce	1.7%	15.1%
Frozen	-0.9%	23.6%
Liquor	-5.8%	11.3%
Deli and Prep Foods	12.0%	14.2%
Bakery	5.3%	13.1%
Seafood	-1.8%	28.5%

Source: IRI Integrated Fresh Market Advantage, MULO, 52 weeks ending 02-20-2022

Return to Convenience, Variety and Exploration Driving Growth After a Basics-Focused 2020

Latest 4 WE 02-20-2022 Fresh Top 15 Dollar Sales Change vs. YA/2YA

		$ Sales Change vs. 2YA	Volume Sales % Change vs YA
Fresh Common Fruit	$199.3M	$319.8M	-0.3%
Beef	$116.9M	$459.7M	-6.7%
Deli Entrées	$94.1M	$114.0M	
Chicken	$83.4M	$182.9M	-5.0%
Fresh Tropical & Specialty Fruit	$53.3M	$77.6M	-6.9%
Rfg Eggs	$48.4M	$119.8M	
Center Store Breads	$48.3M	$112.1M	-3.6%
Milk	$47.5M	$136.5M	-6.5%
Pork	$44.6M	$97.4M	-2.8%
Yogurt	$42.5M	$58.2M	-1.9%
Perimeter Cakes	$40.0M	$39.0M	2.5%
Packaged Lunchmeat	$38.9M	$81.7M	-3.7%
Deli Salads	$38.7M	$26.5M	6.5%
Deli Sandwiches	$38.6M	$29.8M	
Deli Grab & Go Lunchmeat	$33.7M	$85.8M	8.6%



Asked Jonna about missing data

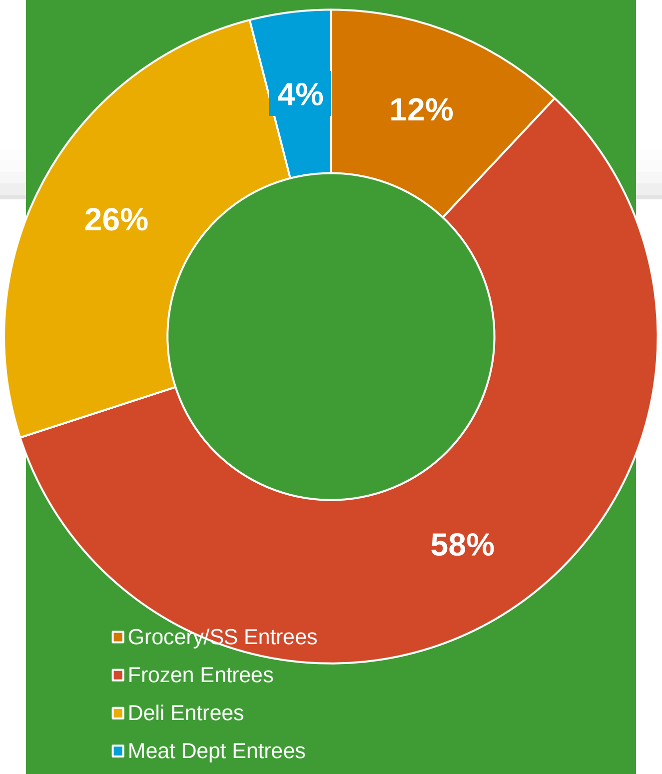
Source: IRI Integrated Fresh Market Advantage, TUS MULO, including both fixed and random weight, Dollar Change vs.Year Ago, Latest 4 weeks Ending 02-20-2022

There Are Many Places to Buy a Prepared Entrée in the Store and Deli Entrées Are Driving Dollar Growth with a Lower Price Change Being One Driver

With Deli, Meat Department and Frozen all Vying for Consumers, Important to Understand Interaction

	13 wk $ vs. YA	Price per Volume	Price per Vol % Chg vs. YA
Grocery/SS Entrées	**8.0%**	**$2.17**	**11.6%**
Frozen Entrées	**9.7%**	**$3.97**	**11.6%**
Deli Entrées	**29.6%**	**$7.70**	**8.9%**
Meat Dept Entrées	**16.9%**	**$7.42**	**12.9%**

Share of Total Space



***Fresh Buyers Purchase All – Frozen Has More Exclusivity:** only 6% of entrée buying HHs exclusively buy from Perimeter Depts. (Meat, Deli), while 36% of frozen entrée buyers do not buy from another space (that rate is declining while fresh gained 1% exclusives)*

**Excludes soups, sandwiches, salads or breakfast entrees or meal kits where applicable / Price per Unit is used in Deli Entrées as volume is not equivalized between packages*

Across All Spaces, Convenient Entrées Are Increasing with Younger Consumers; However, Deli and Meat Dept Still Trend Older, More Traditional

Frozen Renaissance

Healthier and Wider Array of Flavors Paying Off Households Under Age 35 spend +20% more than 2020 in frozen entrées – both city / non-city and all incomes.

Shoppers 65+ older flat to declining in these same categories.

Comfort Foods, Family Portions Anchor Perimeter Options

Deli Entrée Buyers are more likely to Gen X Families and Baby Boomers without kids.

Meat Dept Entrées fair best with Lower Income Gen X.

Resonating with Young Families

Entrées in all temp states are growing in both Buyers, and Dollars are growing double digits for under age 35 with Kids.

But, due to delayed family start and lower birth rates, these only make up **about 10%** of all U.S. households.

IRI Integrated Fresh OmniConsumer Scan Panel data, Total US All outlet, 13 WE Feb 20, 2022 vs YA

It is Increasingly Vital to Understand Younger Households in Fresh Foods

+5% more dollars per trip spent on Fresh by **35-44 $70k+ with kids** households

-3% less dollars per trip spent on Fresh by **45-64 $100k+ with no kids** households

72% of U.S. shoppers **do not have children** in the home, and growing

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IRI Integrated Fresh OmniConsumer Scan Panel data, Total US All outlet, 52 WE Feb 20, 2022 vs YA

Who is Driving Fresh Foods Growth in 2022, Especially in Light of Economic Conditions: Households Under Age 35 More So Than Ever

31% fresh foods sales $ spent vs. 2021 for **under 35, married with kids making <$70k annually**, **suburban / rural** and also increased their fresh foods spend by **+10%**

Double digit growth *in fresh buyers from households* ***under age 35 with kids*** *in both lower and higher income levels – city, suburb and rural*

26% more fresh foods trips than 2 years ago for **under 35, single, city dwellers**

While ***households aged 35-44 making $70k+ annually*** *both with children and without children present* ***declined*** *fresh spending and trip frequency*

IRI Integrated Fresh OmniConsumer Scan Panel data, Total US All outlet, 52 WE Feb 20, 2022 vs YA

Younger Households Are Uniquely Contributing to a Wide Variety of Fresh Foods

Under 35, No Kids
Single or Married, City

Fresh Produce Herbs

Perimeter Wraps and Flatbreads

RFG Meat Alternatives

Fresh Tofu

Fresh Kiwis

Deli Specialty Cheese- Goat, Fresh Mozzarella, Hispanic

Under 35, with Kids
Under $70k, Non-City

Fresh Produce Party Trays

Meat/Cheese/Cracker Kits

Fresh Limes

Fresh Kiwis

Perimeter Iced / Frosted Cookies

Baked Goods Aisle Breads

Perimeter Croissants

Under 35, with Kids,
City, Above $70k

Meat/Cheese/Cracker Kits

Mini and Full-Size Muffins

Perimeter Naan Bread

Turkey Dinner Sausage

Ground Chicken

Fresh Produce Herbs

Deli Hummus

Fresh Pineapples

IRI Integrated Fresh OmniConsumer Scan Panel data, Total US All outlet, 52 WE Feb 20, 2022 vs YA / Categories or Subcategories in Fresh Foods with Index Above 150

However, Younger Households Spend Less Total Store Dollars on Fresh Than Older Generations

34%

Fresh share of total household spending annually for those over age 45+

27%

Fresh share of total household spending annually for those age 35 and younger

It is Easier, More Impactful and More Important Than Ever to Reach Younger Fresh Shoppers – **Going Digital is** Vital to Continuing Growth Beyond Price

The Big Opportunity for Fresh Foods Companies is to Smartly Invest in Digital Advertising

Acquire and retain new brand buyers and testers to maximize their customer lifetime value.

Use targeted social media by **building and maintaining awareness** of brands and products.

Adjust to **trends** in a nimble and agile manner.

Reach customers **where they are** shopping most today (i.e., online, both thorough mobile devices and desktop).

Personalize their advertising to make messages timelier and more relevant.

80% of Facebook's Media Spend Comes from Small / Medium Brands

The Connected Consumer: How Younger Shoppers Engage Mean New Ways to Entice Shoppers to Buy Fresh Beyond Price

Inspiration

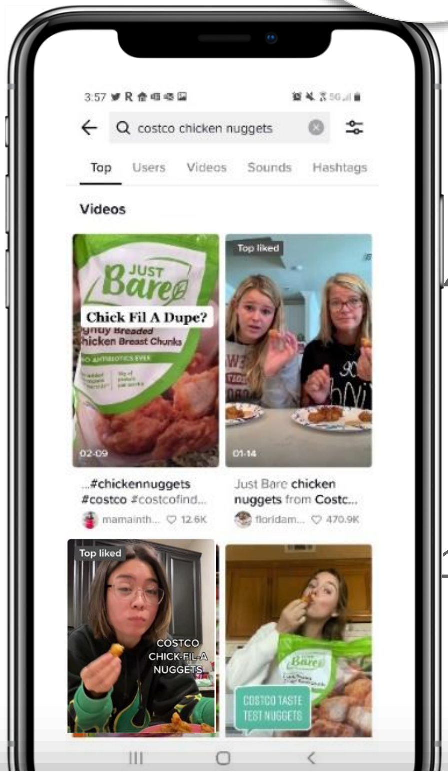
Inspiration Also Happens Online – Especially for Younger Consumers

40% of Gen Z and **37%** of Millennials have discovered a new favorite product through social media

Only 23% of Gen X and 8% of Baby Boomers discovered a new favorite product through social media

12.6K

43.9K



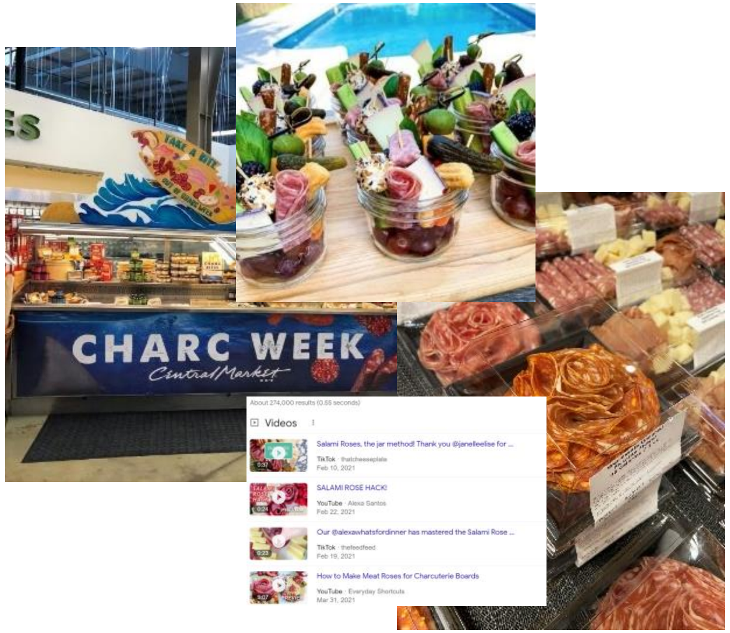
471K

11.3K

While the Majority of Fresh Still is Bought in Store, Digital Can Help Bridge the Divide Between Generations, Create Inspiration and Drive Value Beyond Price

Source: IRI Shopper Survey January 2022 and IRI Media Study, Oct 2021

Store Matters Too –
Promote Solutions (Not Just Price Signage) to Entice Young Shoppers

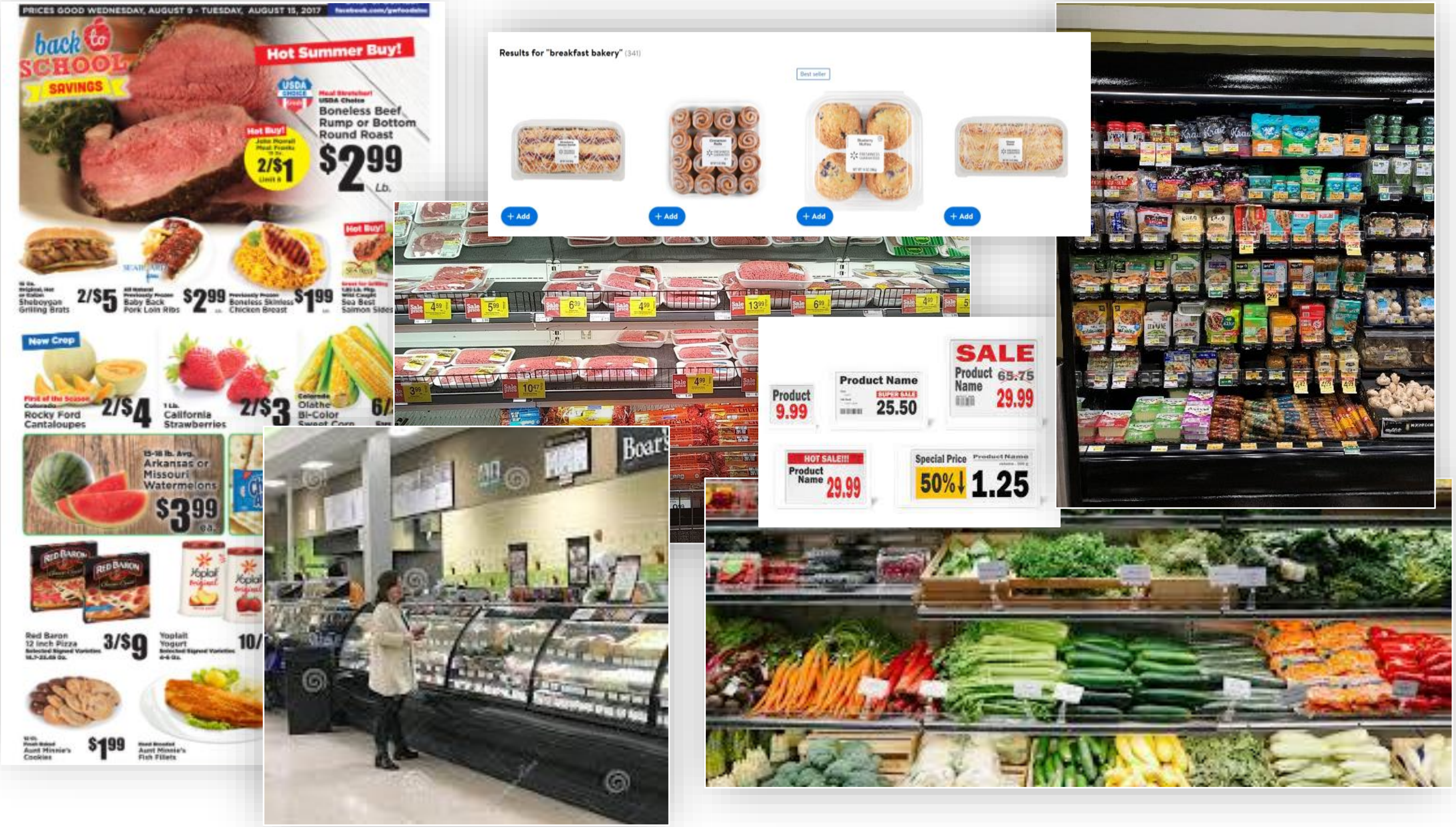


The line between social and in-store should be symbiotic and help emphasize relevance.

Ways to combine products to make the meal works well with young shoppers seeking ideas and education.

Likely why traditional grocers have the weakest fresh share among younger shoppers than any generation.

Yet, This is the Primary Advertising Vehicles for the Fresh Foods Industry



Fresh Foods 2022—What Got Us Here Won’t Get Us There

Inflation Pressure is Real – Shoppers Perceiving the Worst

With constantly shifting market dynamics it’s more important than ever to understand that marketing fresh foods is more than price.

Channel Shifting Continues for Fresh

Gains made by club and mass/supercenter continue to erode traditional grocery share. Online buying in fresh is a self-fulfilling prophecy – if you have it, they will buy. Look for ways to adjust assortment in-store vs. online to drive incrementality.

Fresh is GAINING Not Losing to Frozen/Grocery

Similar products in frozen and grocery aisles are not currently drawing sales away from fresh despite price increases. Continue to communicate fresh benefits, but also find co-promotions and merchandising for both fresh and other temps.

Traditional Methods of Promoting and Growing Fresh Are Stale

More than every before younger consumers under age 35 are driving fresh foods growth but their frequency and share of fresh to grocery/frozen is off balance – promoting differently using targeted digital is path forward.

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