

WEBINAR:

What's Center of Plate This Holiday Season?

October 31, 2024

10 a.m. (PT) / 11 a.m. (MT)

12 p.m. (CT) / 1 p.m. (ET)

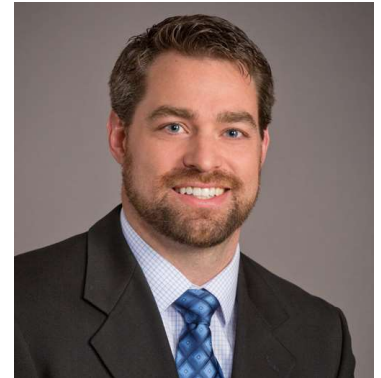
Moderator & Keynote Speakers



Billy Roberts
Senior Economist,
Food and Beverage,
Knowledge Exchange



Chris Dubois
EVP Fresh Protein
Practice Leader,
Circana



Brian Earnest
Lead Animal
Protein Analyst,
CoBank Knowledge
Exchange



An Early Thanksgiving Look

CoBank Webinar

October 31, 2024





Critical Consumer Trends

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)

86% of meals are sourced from home

However, shifting needs throughout the day causes this to fluctuate

% Meal Occasions Sourced from Home/Retail

87%

Breakfast
occasion

76%

Lunch

81%

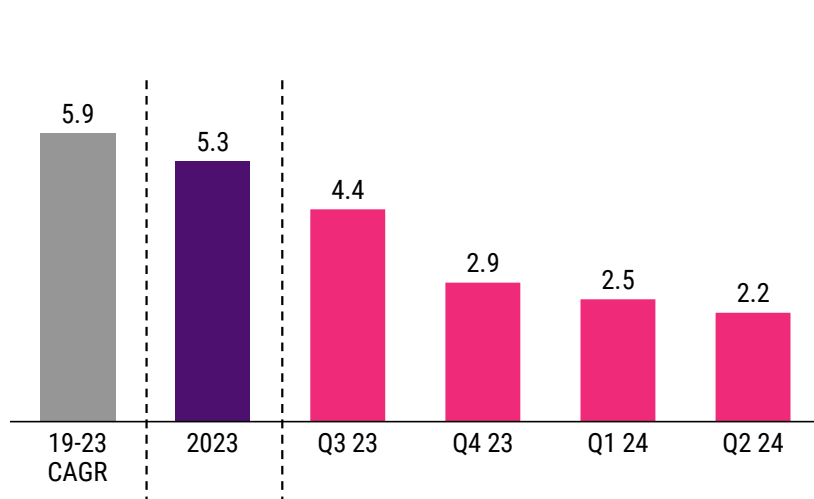
Dinner



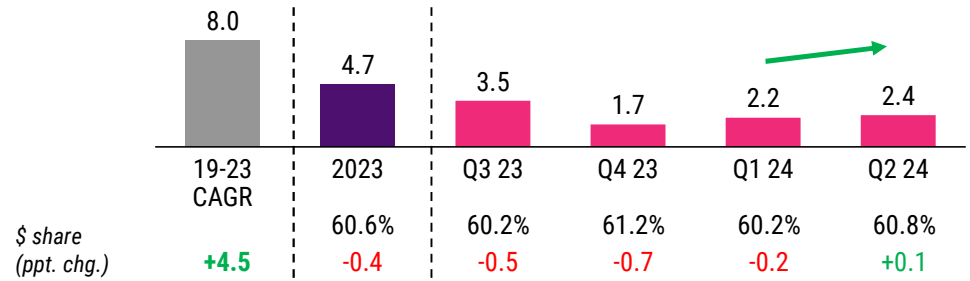
In Q2, dollar trends improving for retail, softening for foodservice

Complete F&B Market Growth Trends 2019 - Current/ \$ Sales, % Change vs. YA

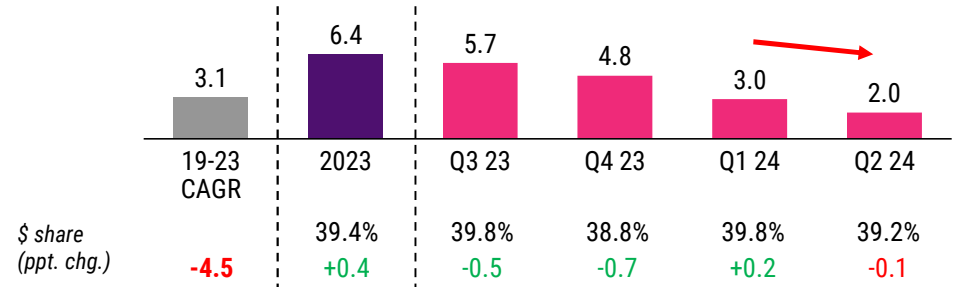
Total U.S. Food & Beverage | L52 Sales: \$1,681 B



Retail / At-Home | L52 Sales: \$1,018 B



Foodservice / Away-From-Home | L52 Sales: \$663 B

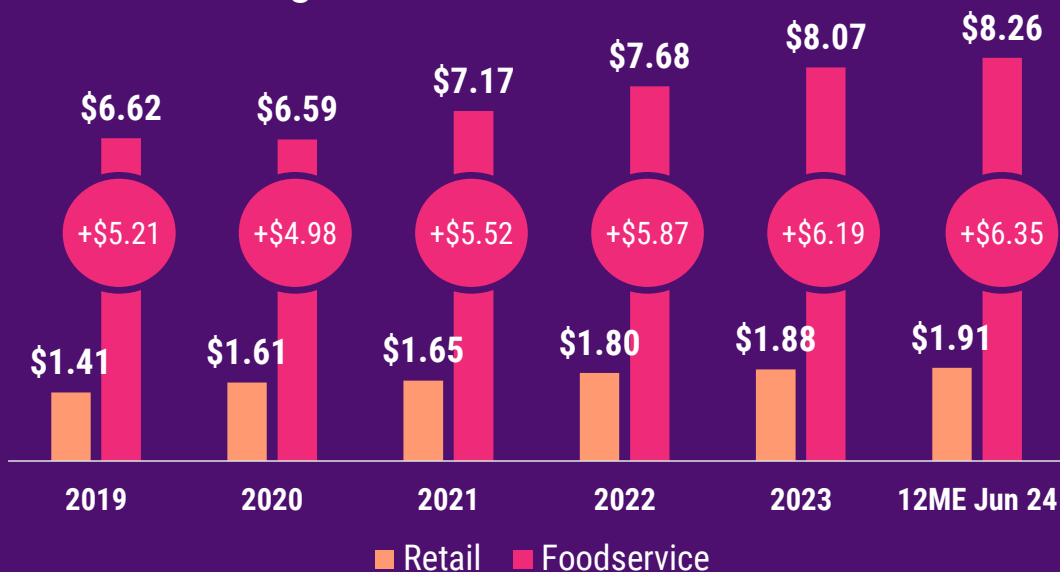


Note: Weeks included in retail quarters adjusted to control for holiday (Easter & July 4) timing. Retail measured by POS channels, as defined as MULO+ with Conv. Includes fresh foods. Foodservice sales based on consumer data, excluding tips. Foodservice excludes bars/drinking places accounting for ~\$250B. Source: Circana POS and consumer data ending June 2024. Circana Executive CPG & Foodservice Advisory.

Circana, LLC | Proprietary and confidential

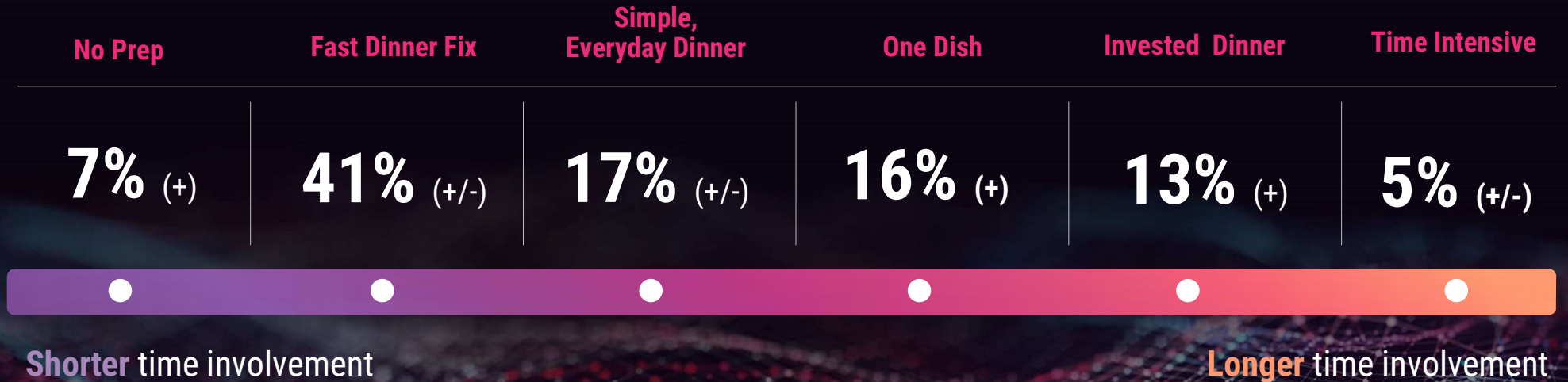
Foodservice cost gap is growing vs. Retail

Cost Per Eating Occasion



Dinner has also changed — shifting low-prep

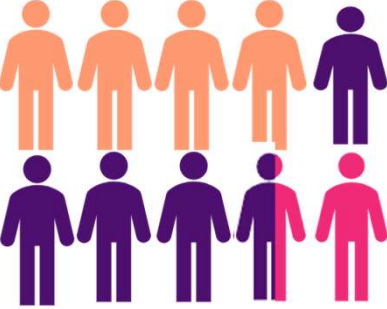
In-home prepared dinner continuum (with forecast):



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

Consumers are recreating Restaurant Meals at home for everyday & special occasions

Recreating restaurant meals at home:



41% Frequently
46% Every once in a while
13% Never

Best opportunities:
High-income households
Millennials



Source: Circana 210 Analytics: The Power of Meat 2024
Circana, LLC | Proprietary and confidential

Foodservice operators have
increased their purchases of
pre-cooked proteins by

7%

over the past year



Source: Circana, SupplyTrack®, total foodservice pounds, 12ME March 2024

Operators are leaning into cost-saving solutions

Pre-Sliced



Sliced/Cut/Wedge Fruit	+7%
Diced/Cubed Vegetables	+26%
Shredded Chicken	+48%

Pre-Cooked



Chicken	+4%
Chicken	+8%
Bacon	+25%
Pork Ribs	+16%
Breakfast Sausage	+6%

Reduced-Portion Sizes



Chicken Tenders (<2.12 oz.)	+10%
Chicken(2.5 oz.)	+455%
Ground ChickenPatties (4 oz.)	+12%




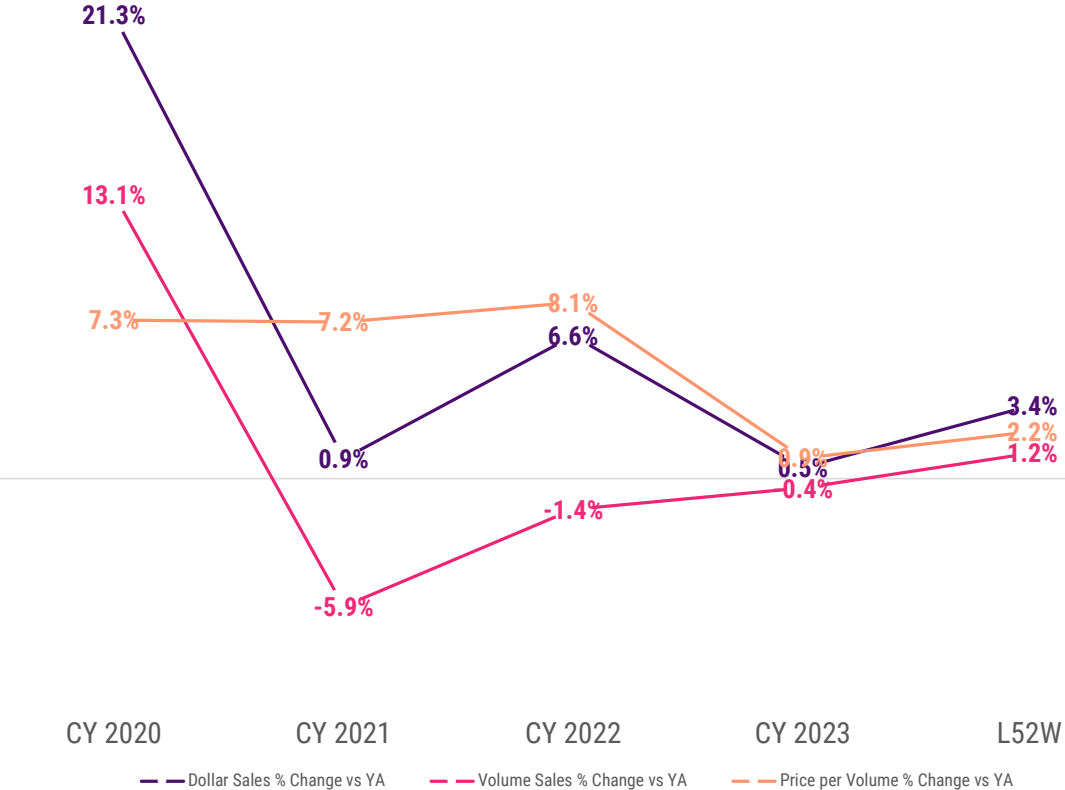
State of Sales Update

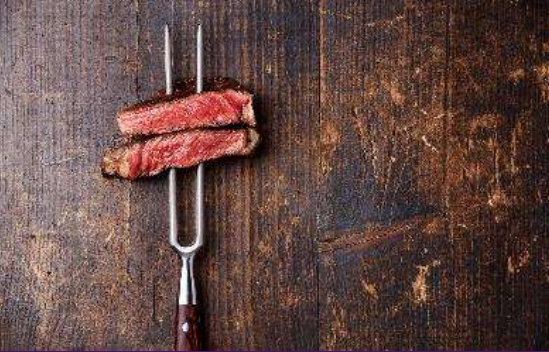
Total and Protein Focus

Meat department inflation moderating but consumers are still feeling pressure

33%

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



Meat Department acceleration continues

Beef key growth driver while Chicken maintains positive momentum

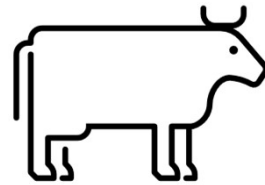
L52W 2024 Fresh Meat

\$71.3B

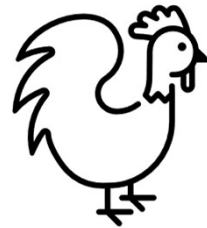
+5.3% vs YA

16.2B

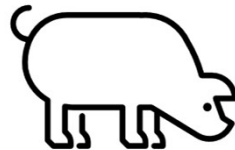
+1.9% vs YA



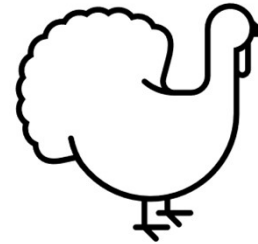
\$38.8B
\$ +8.3%
LBS +2.2%



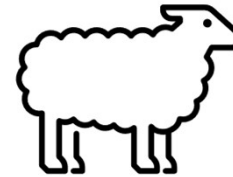
\$19.1B
\$ +2.0%
LBS +2.8%



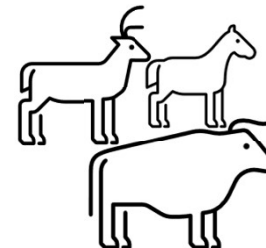
\$8.4B
\$ +2.1%
LBS -0.9%



\$3.3B
\$ +2.9%
LBS +1.6%



\$881M
\$ +3.7%
LBS +15.3%



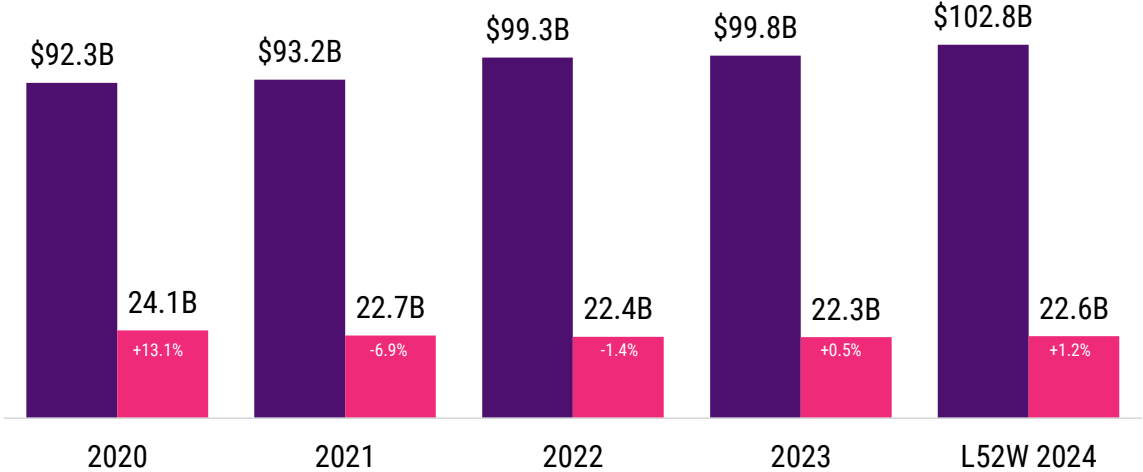
\$815M
\$ -5.7%
LBS -1.8%

Revitalized performance for the Meat Department

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

Meat Department Sales 2020 – 2024

■ Dollars ■ Pounds



Avg. Price Per Unit



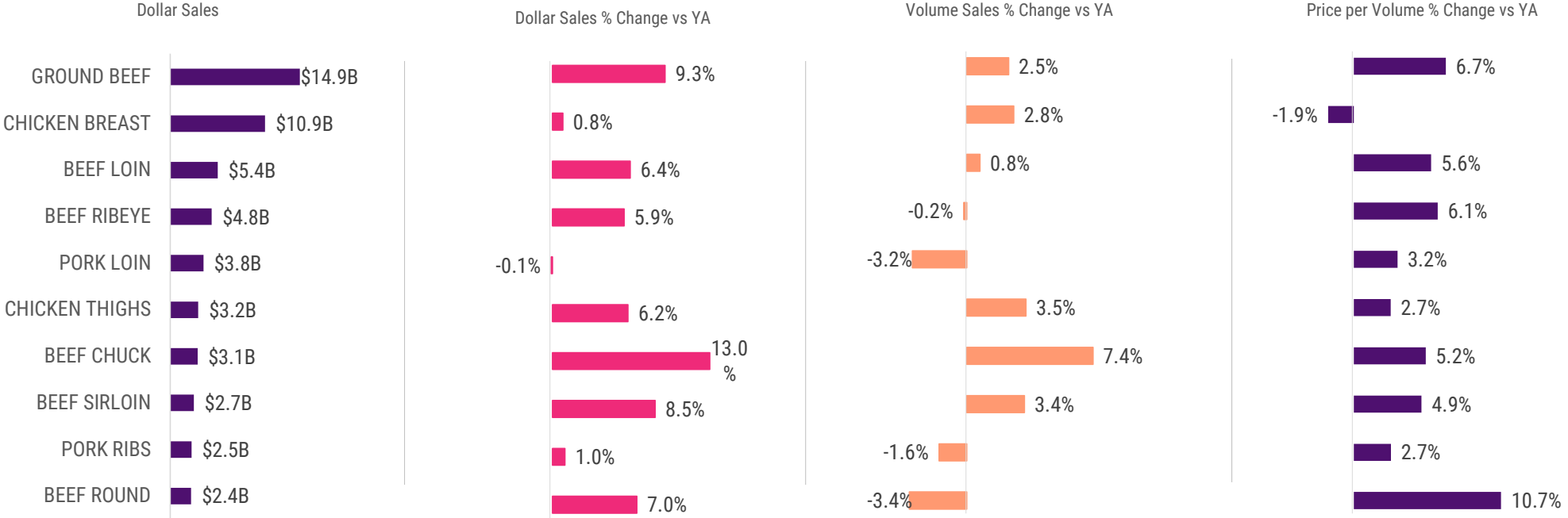
Total food & beverages
\$4.21 | +1.8% vs. '23



Meat department
\$7.10 | +3.4% vs. '23

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

Fresh Meat Top 10 Subcategories Performance



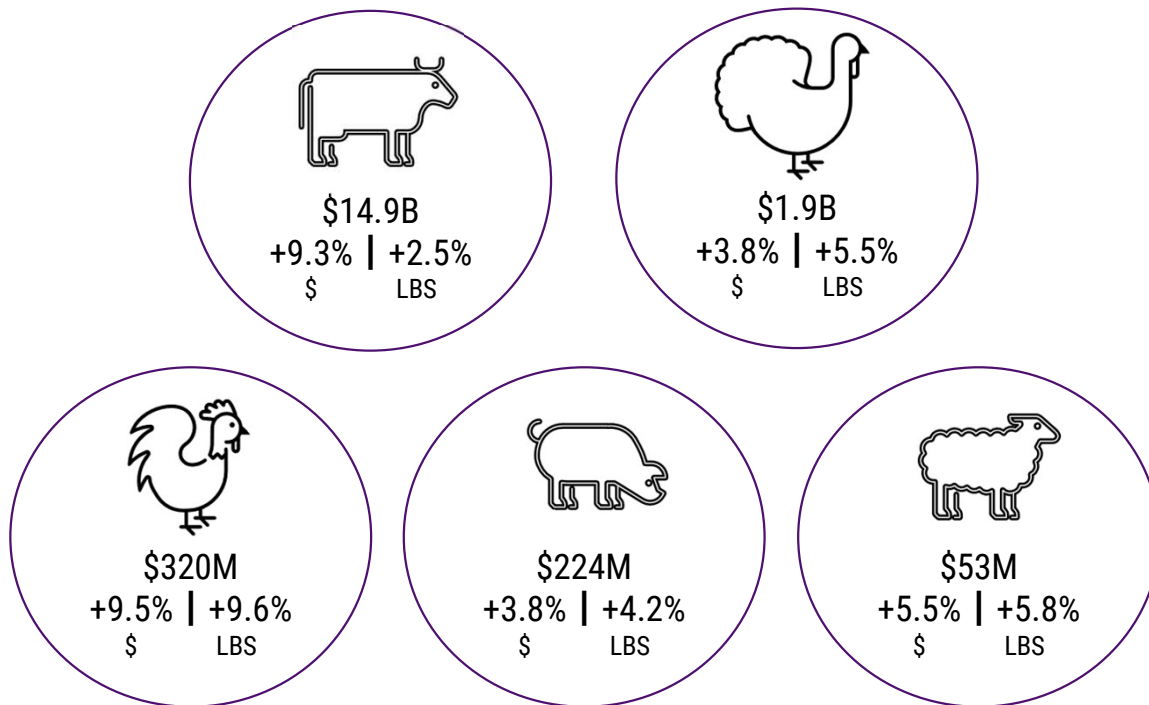
Source: Circana Integrated Fresh Market Advantage, MUL0+, L52W ending 9.8.2024

Grinds provide consumers Value & Convenience

Secondary grinds sets are driving protein variety with cooking confidence



Ground beef, turkey, chicken, pork and lamb performance:



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 Processed Meat

\$31.5B

-0.8% vs YA

6.4B lbs

-0.6% vs YA



Packaged Lunchmeat

\$7.0B
\$ -2.9%
LBS -0.6%



Bacon

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



Dinner Sausage

\$5.6B
\$ +1.8%
LBS +2.3%



Frankfurters (Hot Dogs)

\$3.2B
\$ -0.1%
LBS -2.2%



Breakfast Sausage

\$2.4B
\$ +1.5%
LBS +1.5%

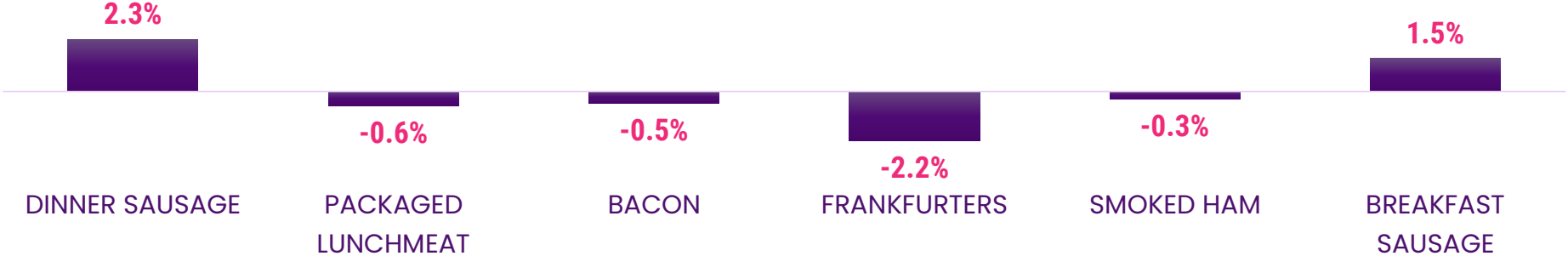


Smoked Ham

\$1.9B
\$ -2.7%
LBS -0.3%

Price adjustments had varying impact on subcategory performance within processed meat

L52W: VOL % CHG



L52W: PRICE/VOL% CHG

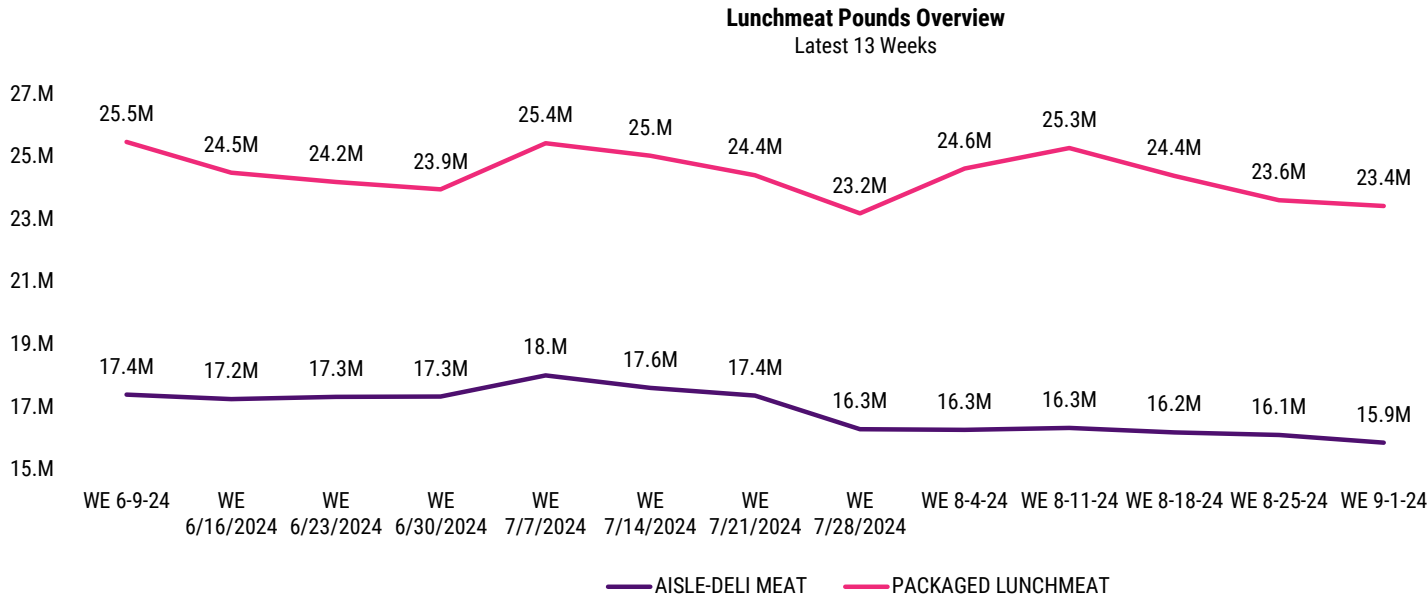


Price/Vol	\$4.46	\$5.88	\$6.17	\$3.59	\$2.84	\$4.73
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Source: Circana Integrated Fresh, MULO+, Data Ending 9/08/2024

Even though only Deli Lunchmeat was recalled, Packaged Lunchmeat was impacted as well and overall pounds took a hit in August



Total Sliced Luncheon Meats
Deli & Meat Dept

Dollar Sales

\$1.5B

Pound Sales

202M



Thanksgiving 2024

A Look Back at 2023 to Calibrate November

Plenty of Reason to splurge a little

Holidays, special occasions, and entertaining lead the list

Strictly stick to the list/do not spend extra regardless

9%



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

Thanksgiving is the second-largest holiday of the year, behind only Christmas

\$ Sales Uplift in Total F&B Sales for Holiday vs. Average Weekly Sales During the Year (in \$ billions)



Christmas

Thanksgiving

July 4th

Easter

2018	\$2.57	\$1.82	\$1.29	\$0.91
2019	\$2.78	\$1.78	\$1.38	\$1.08
2020	\$2.11	\$1.29	\$1.52	\$1.14
2021	\$4.32	\$2.01	\$1.27	\$0.88
2022	\$6.21	\$2.84	\$1.28	\$1.02
2023	TBD	\$2.10	\$1.70	\$1.75

\$2.0B

2023 Thanksgiving retail sales uplift vs. average weekly sales; Christmas had a **\$6.2B** uplift in 2022

~1.3x

2023 Thanksgiving dollar sales uplift vs. July 4th and Easter

Note: End-of-year holidays, including Christmas and Thanksgiving saw increased uplift in 2021 and 2022 due to ongoing inflation causing higher prices end of year vs. average for the year used to calculate sales uplift. An uplift in 2022 and 2023 vs. 2019-2021 is also due to higher prices from inflation. Dollar sales uplift is defined as dollar sales for holiday weeks in total vs. average weekly dollar sales for the calendar year. Christmas and Thanksgiving uplift spans two key weeks, while Easter and July 4th is one key week. Source: Circana POS data

The 2023 Thanksgiving basket drove all the holiday sales uplift

\$2.0B in retailer F&B sales

was driven by the two key Thanksgiving weeks compared to last 52 weeks ending Nov. 26, 2023.

\$2.1B (105%) sales uplift

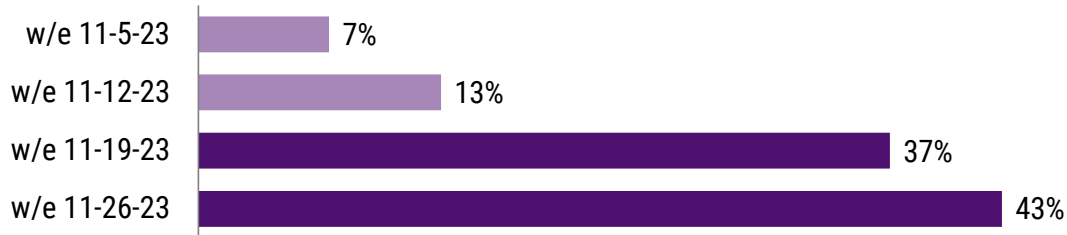
is driven by the Thanksgiving basket of 30 categories, despite being only 10% of the sales for the last 52 weeks ending Nov. 26, 2023.



Note: Dollar sales uplift is defined as dollar sales for the two key Thanksgiving weeks in total vs. average weekly dollar sales for the calendar year. Source: Circana POS data

80% of the total four-week 2023 Thanksgiving sales uplift occurred the prior week and week of Thanksgiving

% of Total Thanksgiving Basket Volume Sales Uplift by Week



But consumers are selective about when they buy Thanksgiving items...

In 2023, main dish purchases, including turkey and ham, were more prominent the week prior to Thanksgiving. Consumers were more likely to buy beverages, baking products and pies the week of Thanksgiving.



Consumers take advantage of promos for Thanksgiving items

The largest percentage sales lift of Thanksgiving basket items sold on promotion includes entrées and sides.



Main Entrée



Sides



Beverages



Pies



Baking

Prior Week Lift

563%

308%

162%

257%

158%

Thanksgiving Week Lift

383%

316%

237%

328%

180%

Main entrée and side sales peaked in the two weeks leading to Thanksgiving

Consumers were confident of ample supplies and purchased most of the Thanksgiving basket during the holiday week.

% Change vs. YA

	w/e November 5, 2023		w/e November 12, 2023		w/e November 19, 2023		w/e November 26, 2023	
	dollar sales	volume sales	dollar sales	volume sales	dollar sales	volume sales	dollar sales	volume sales
Turkey	-21.2%	-31.6%	-10.9%	-15.5%	5.5%	4.5%	3.3%	2.3%
Ham	-12.4%	-16.3%	-10.1%	-8.6%	-3.7%	-2.8%	0.3%	0.9%
Fresh Sweet Potatoes/Yams	5.6%	2.7%	1.8%	1.6%	4.4%	0.3%	7.4%	3.2%
Perimeter Pies	-3.0%	-4.2%	-1.8%	-3.0%	-5.0%	-4.8%	-2.8%	-3.8%
Canned/Bottled Green Beans	-3.3%	-7.8%	-0.5%	-2.1%	-0.1%	-2.2%	4.9%	3.8%
Dairy Whipped Toppings	6.0%	10.1%	2.2%	5.9%	0.6%	3.7%	4.9%	3.8%



Producer Holiday Preparations

Brian Earnest, Lead Animal Protein Industry Analyst

October 31, 2024

A recap – inflation was all the talk last year

- Meal not hitting the pocketbook as hard as 2022, down 4.5% YoY
- Turkey: \$27.35/ \$1.71/lb. -5.6%
- Whipping cream: \$1.73/.5 pt. -22.8%
- 1 gallon of whole milk: \$3.74 -2.6%
- Sweet potatoes: \$3.97/3lb. + .3%

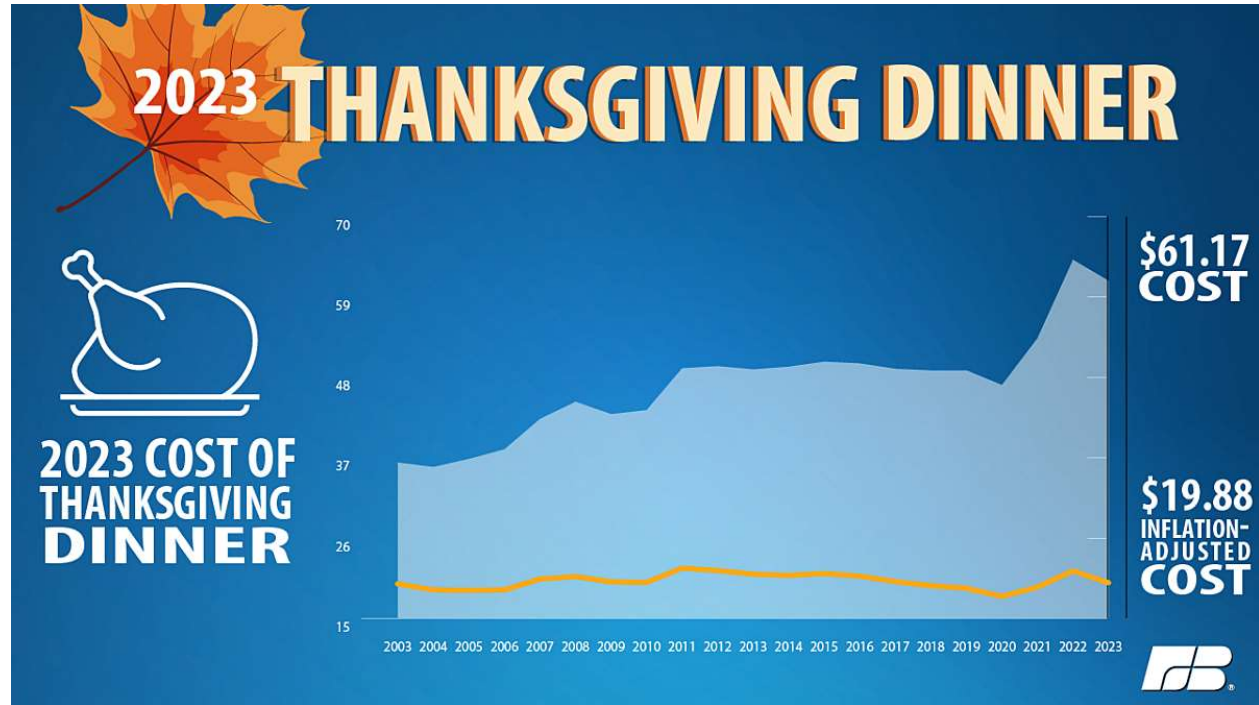
Bloomberg

• Live Now Markets Economics Industries Tech AI Politics Wealth Pursuits Opinion B

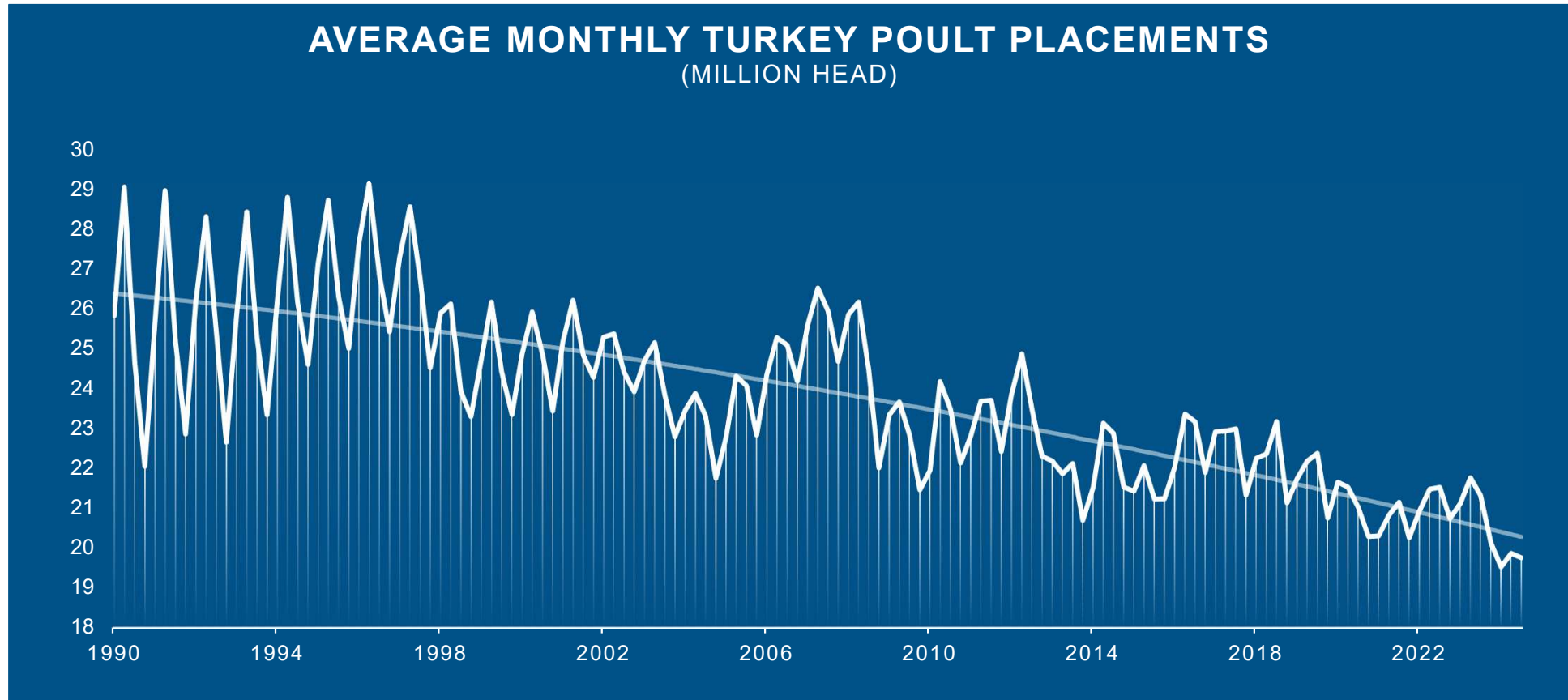
Business

Walmart CEO Says Shoppers Could See Falling Prices in Coming Months

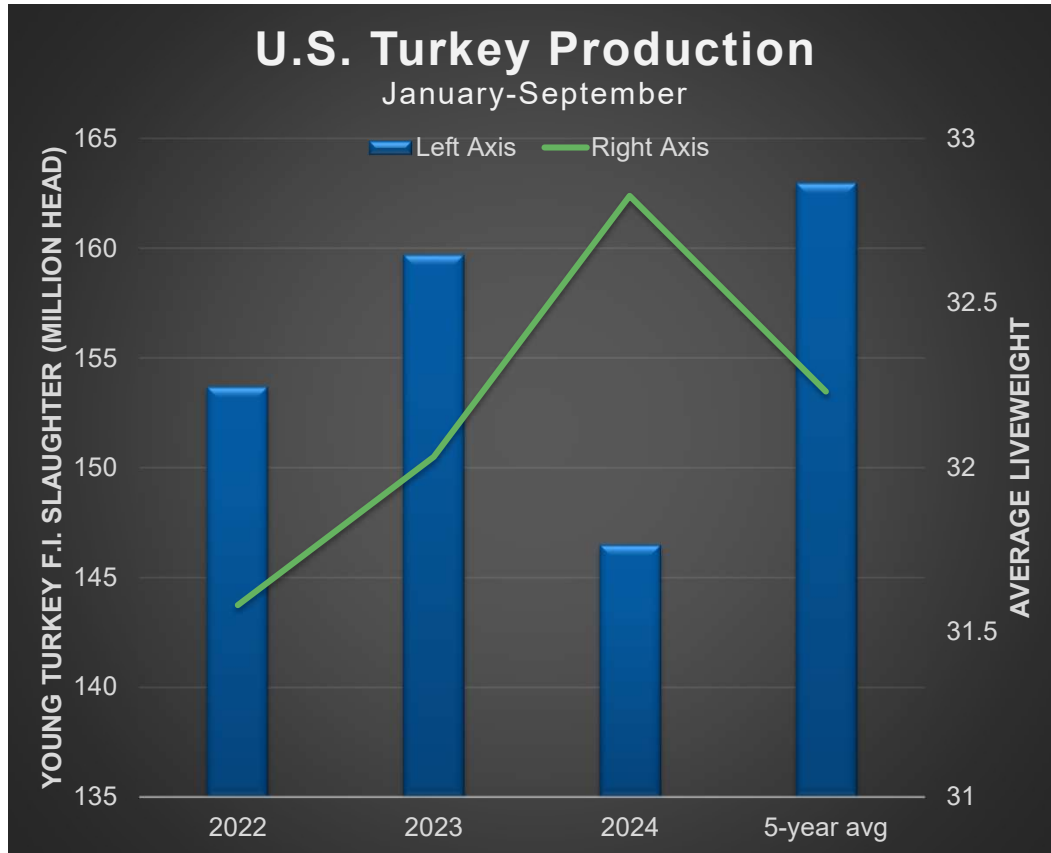
- McMillon says prices could fall in dry groceries, consumables
- Comments are latest sign the Fed's rate hikes are paying off



Turkey poult placements trending lower – putting in new lows in 2024



Turkey harvest down 13 million head YoY



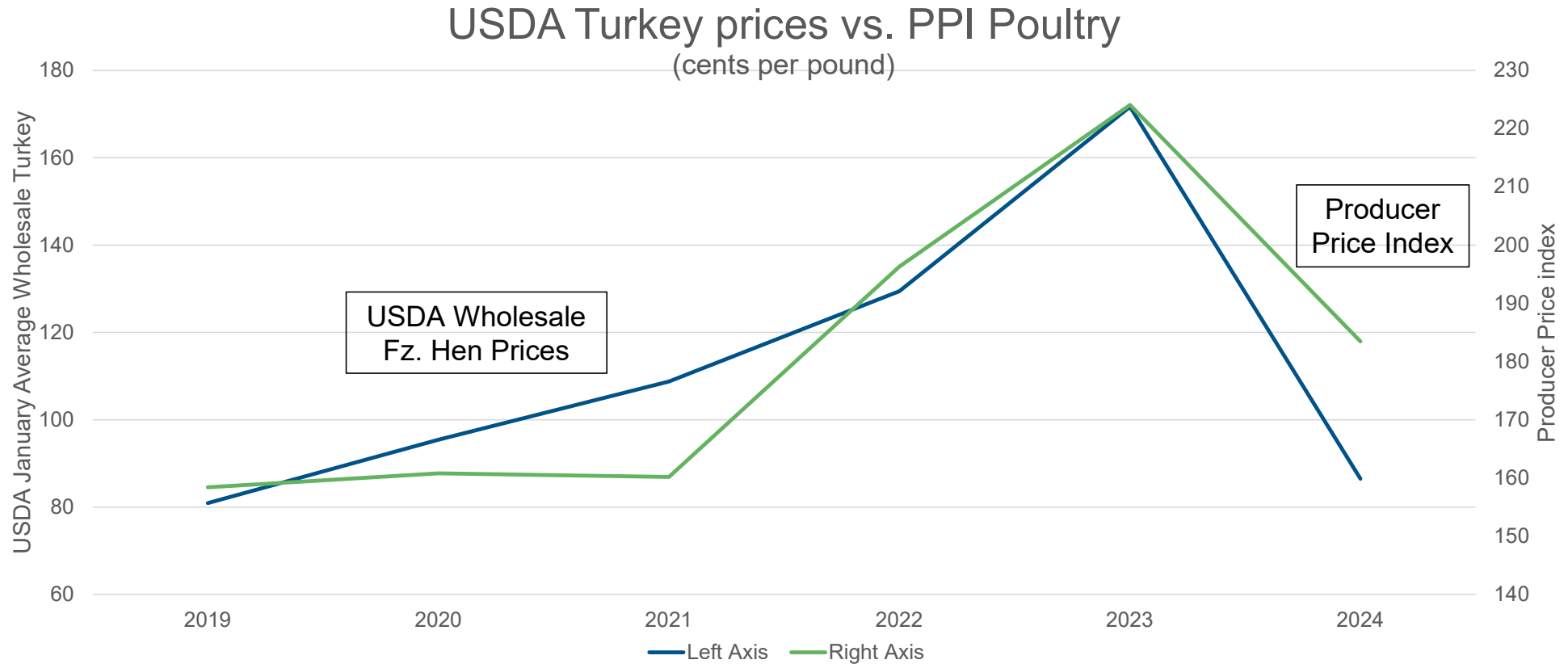
YTD Slaughter -8%
YOY

- Hens were down 12%
- Toms about even

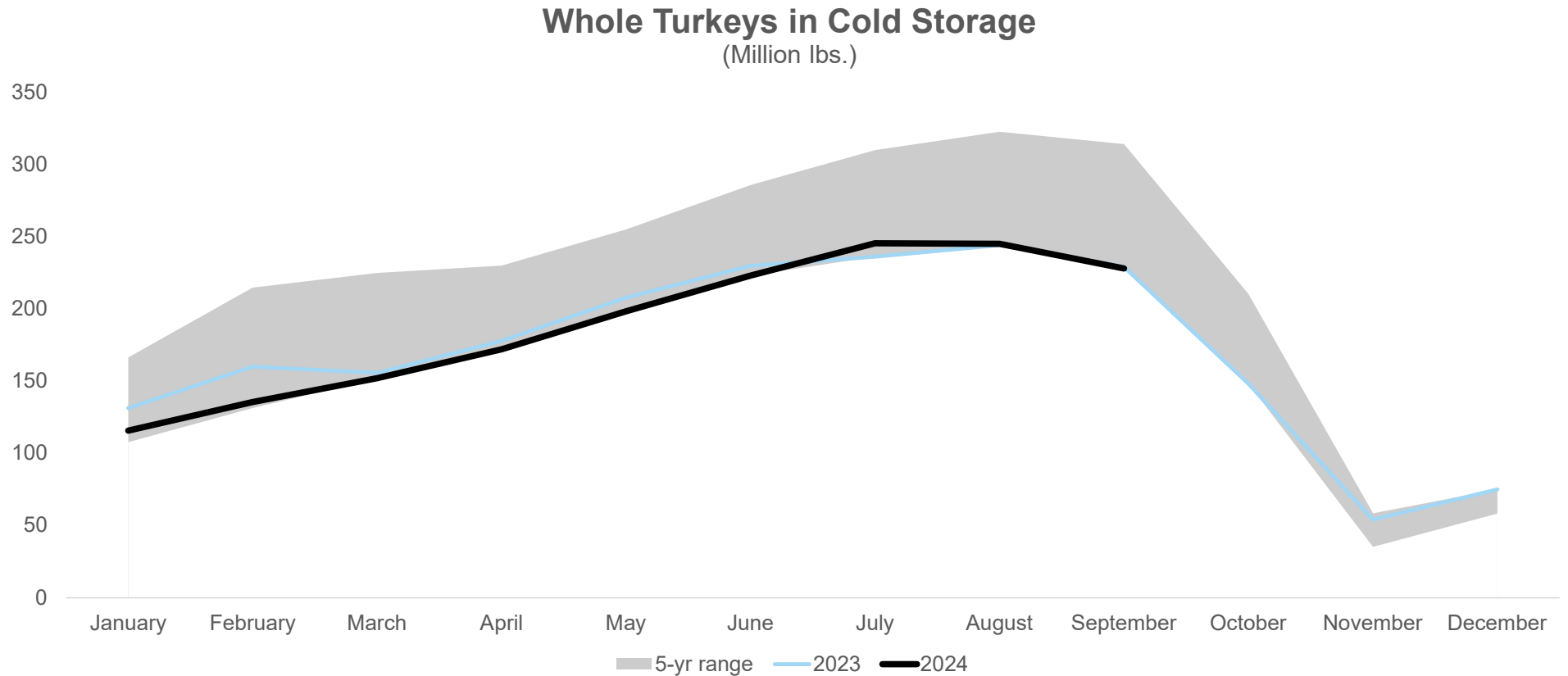
Liveweights record
high (on average)

Production: -6% YoY,
YTD

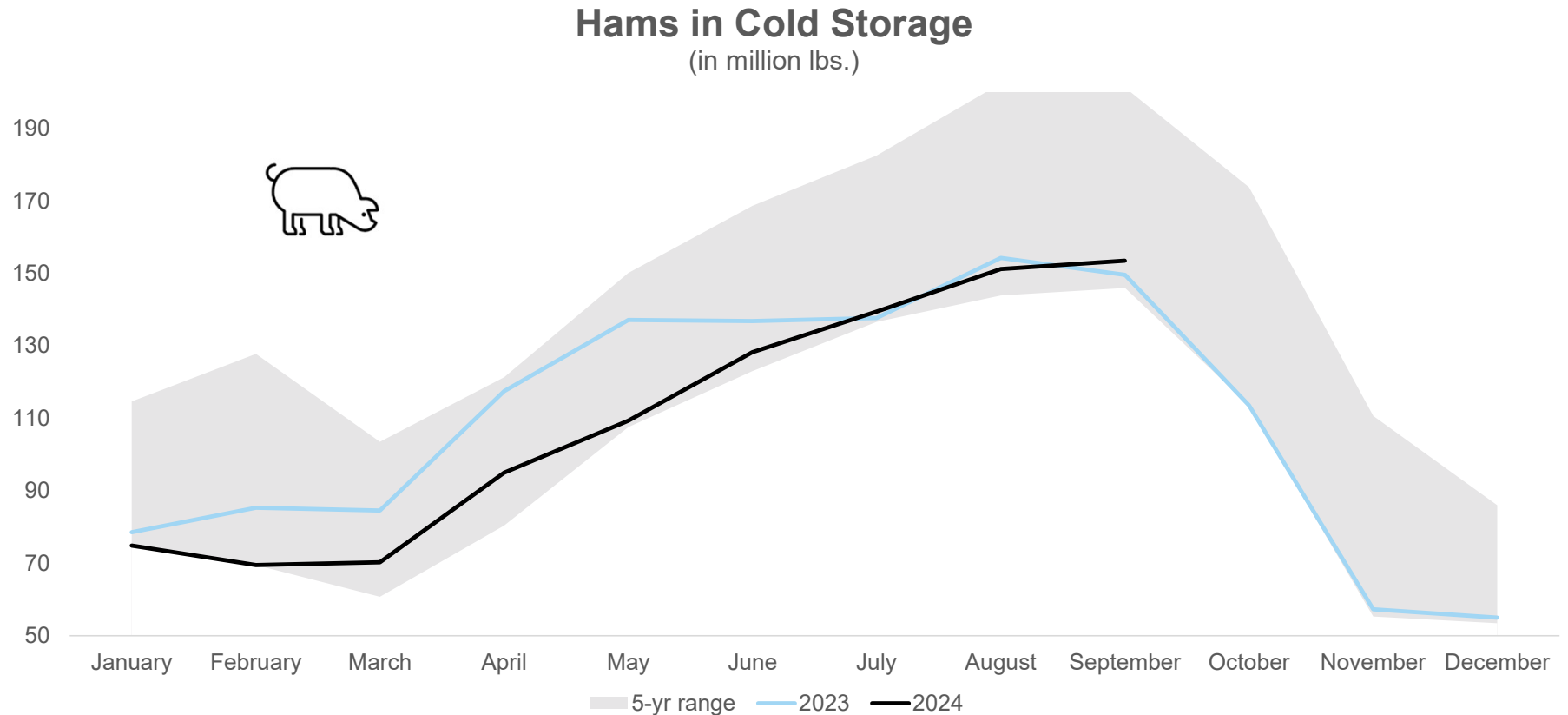
Wholesale turkey values back to pre-COVID levels



Whole turkey inventory down 86M lbs. from 5-yr max

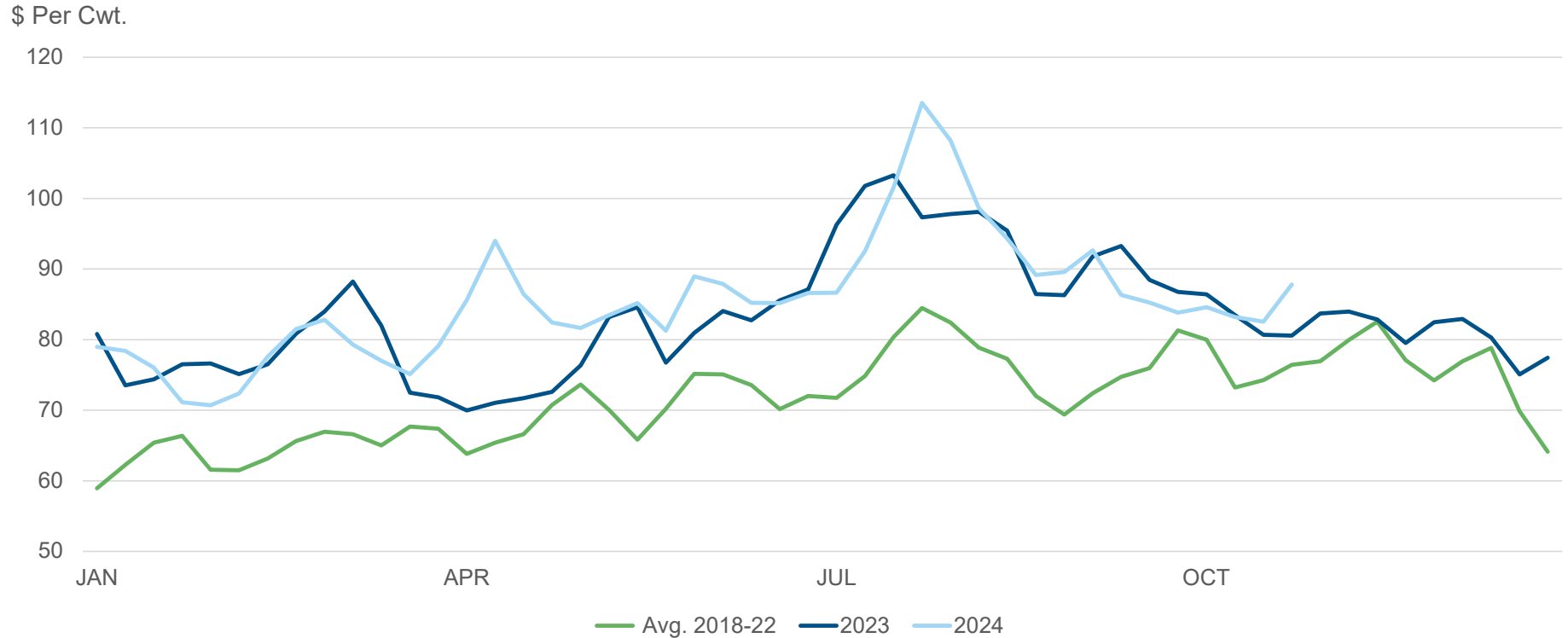


Ham inventories flat YoY, but down 50M lbs. from 2019

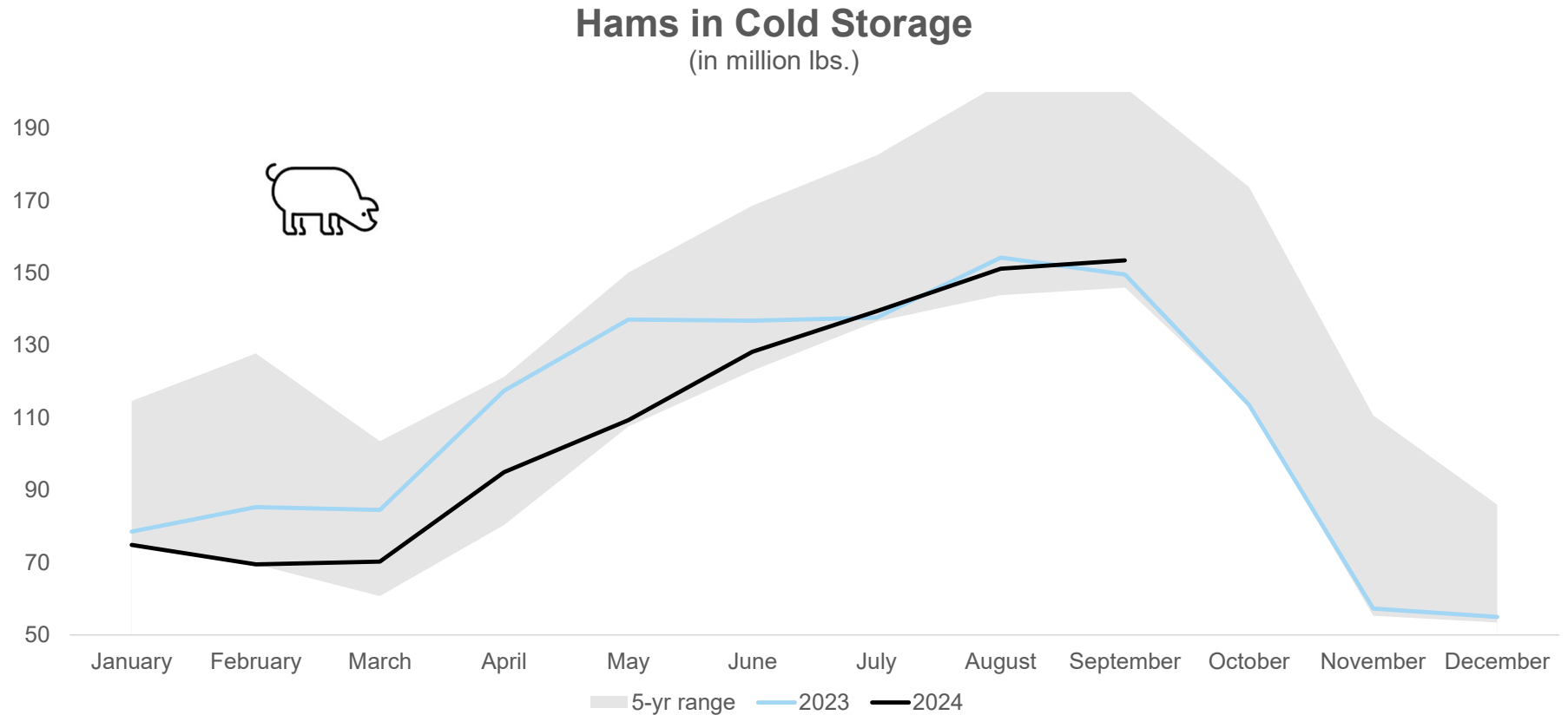


Low inventories kept premium in market for hams

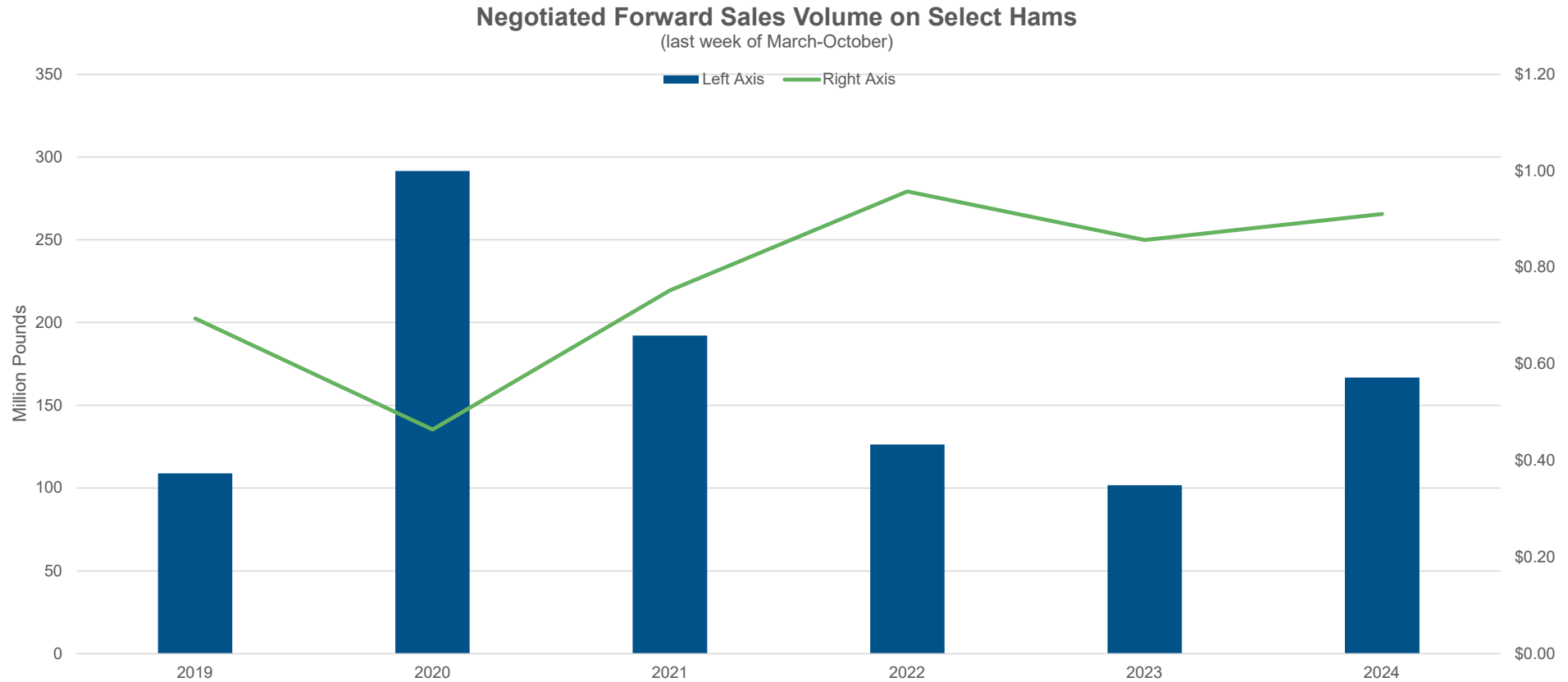
Pork Primal Ham Value



Ham inventories flat YoY, but down 50M lbs. from 2019

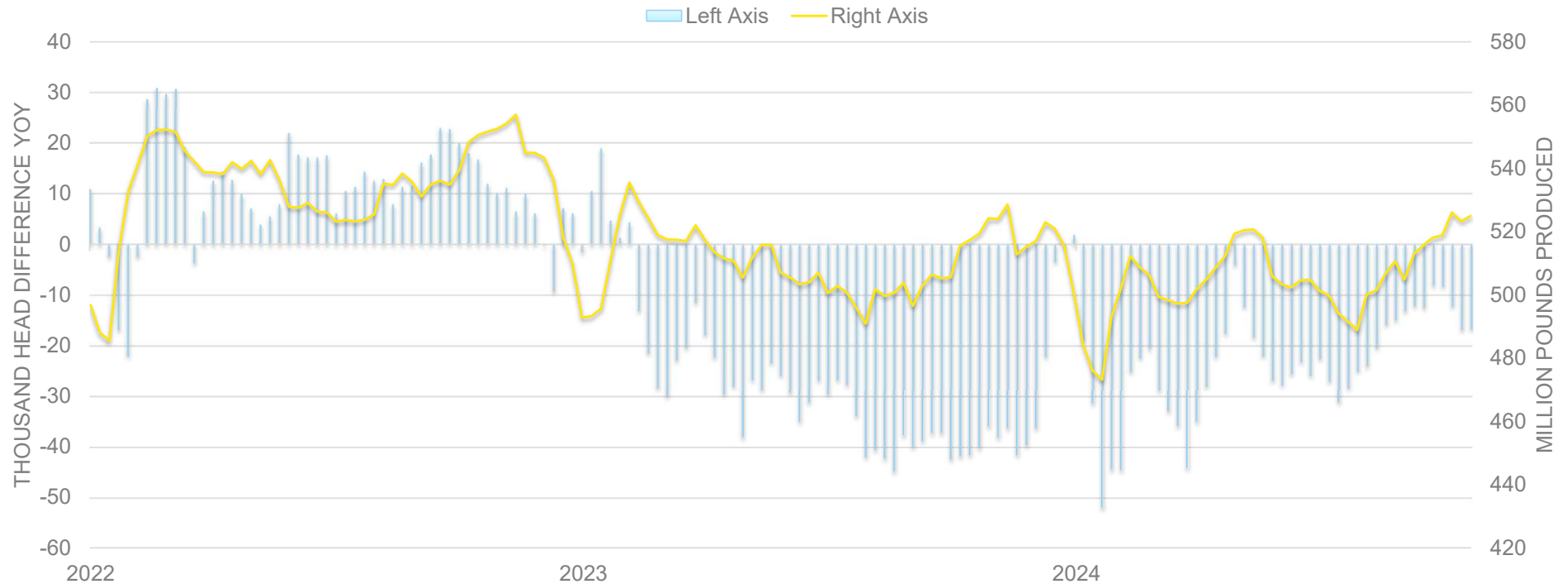


Hams fetched a premium as purchases stalled

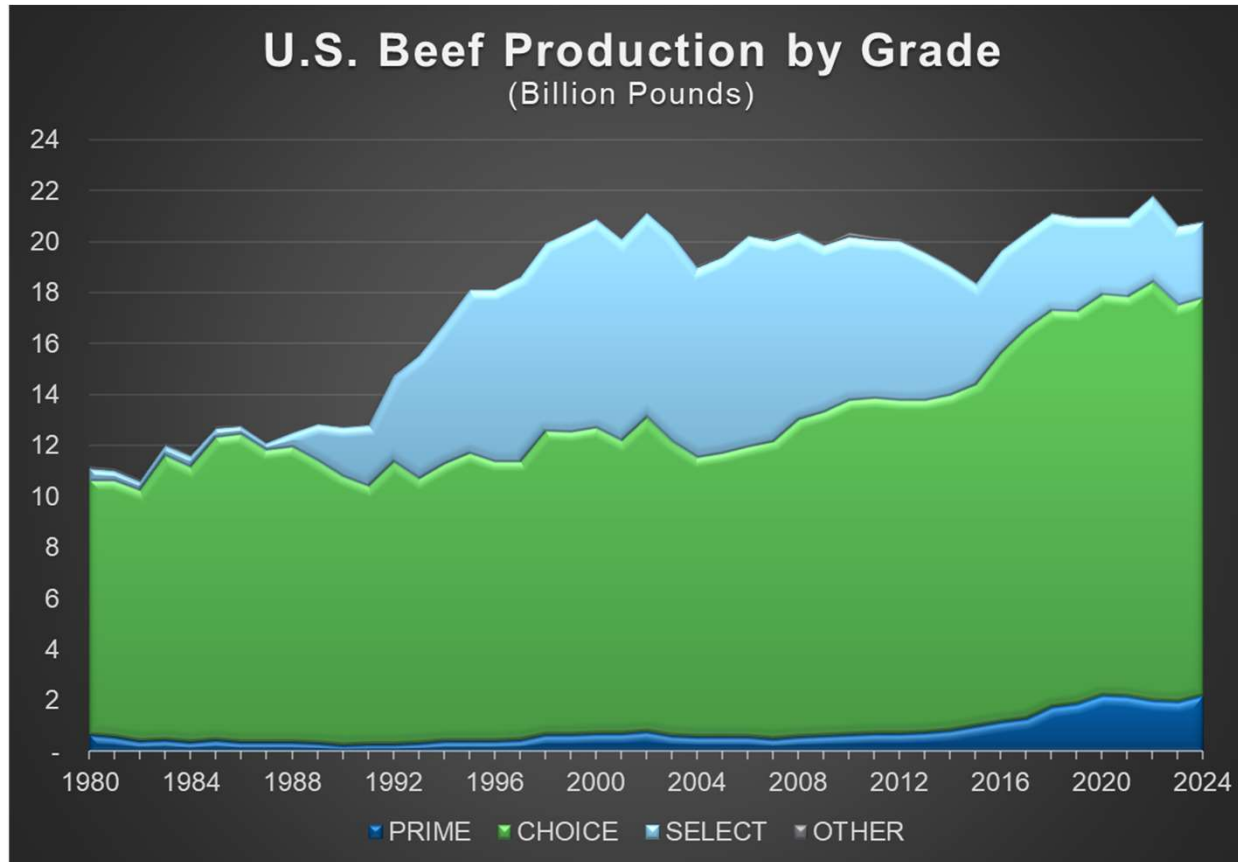


Live cattle weights remain elevated, offsetting declining cattle harvest

Change in Cattle Slaughter Vs. F.I. Beef Production (5-week moving average)



The current cycle is different – haven't sacrificed quality



Retail will struggle to be competitive on beef rib roasts

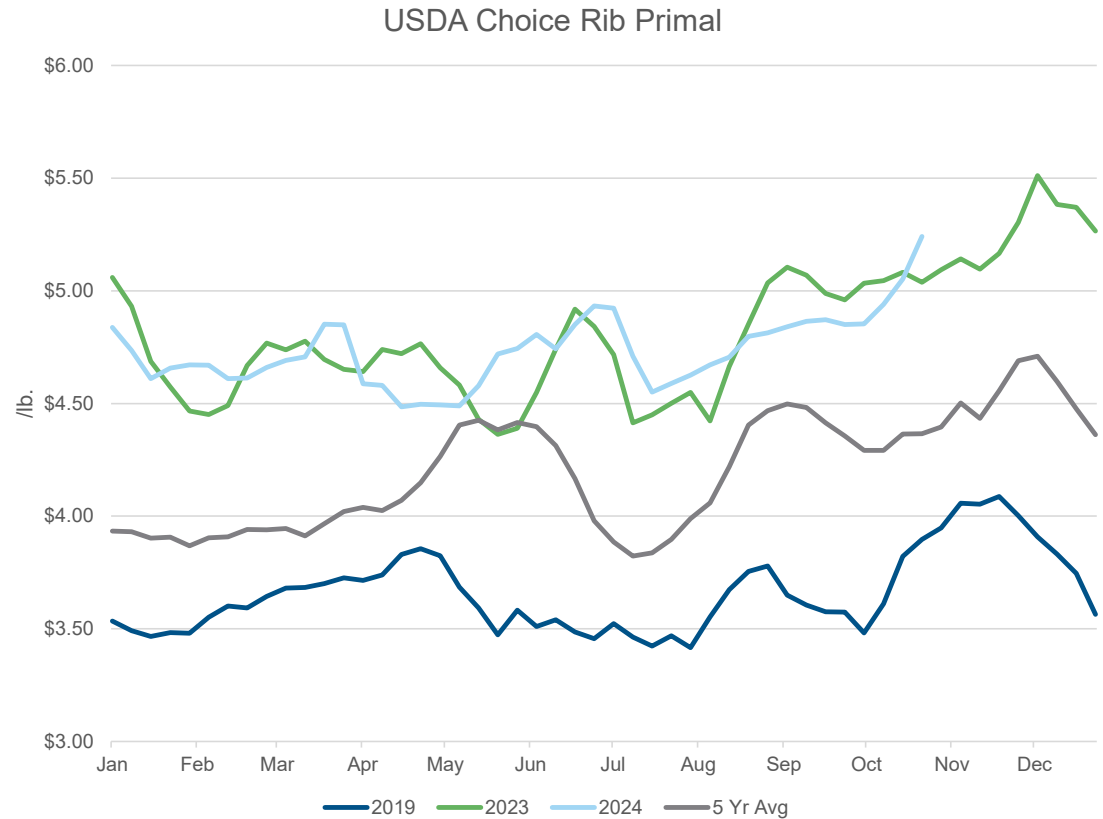


Table egg production falling short of consumption

Table Eggs Produced

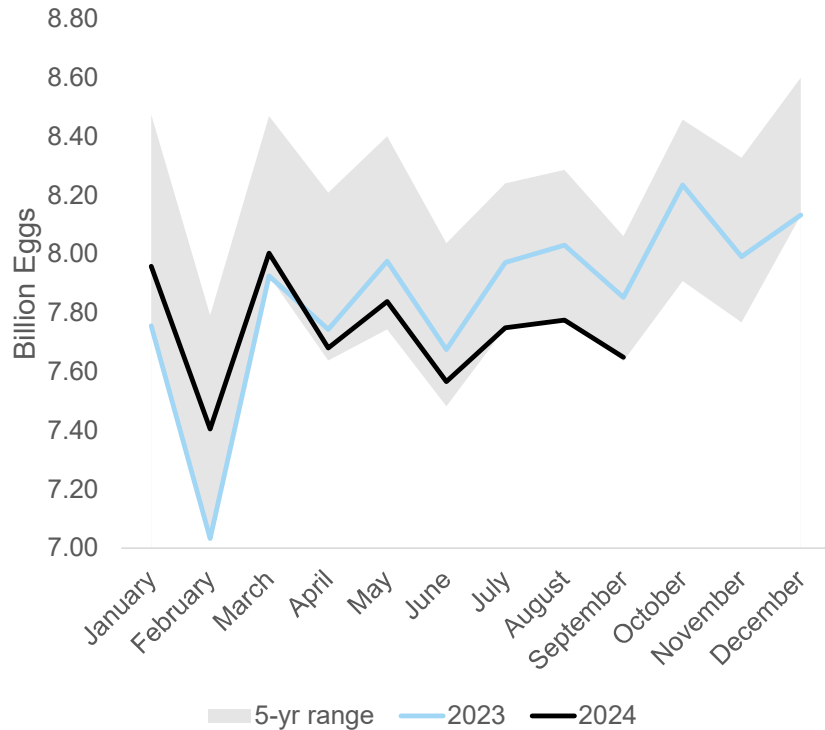
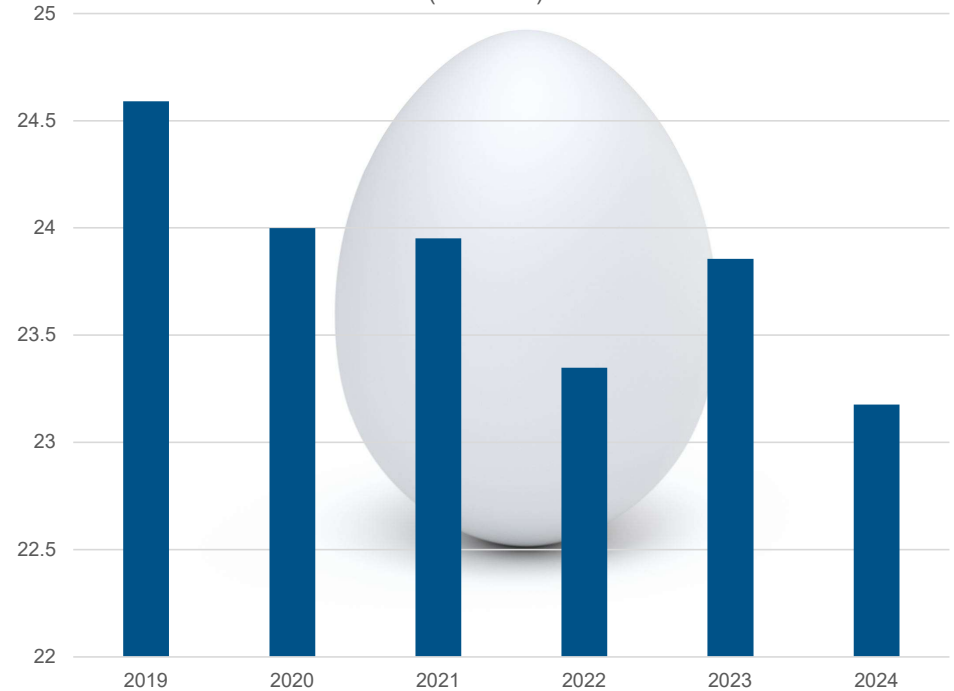
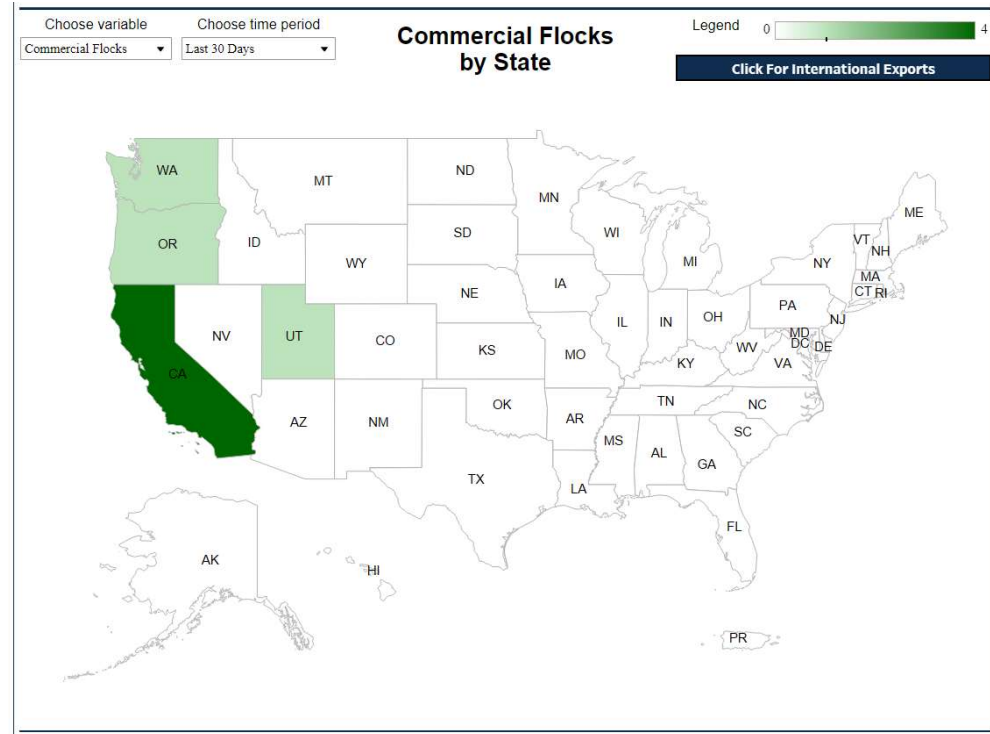
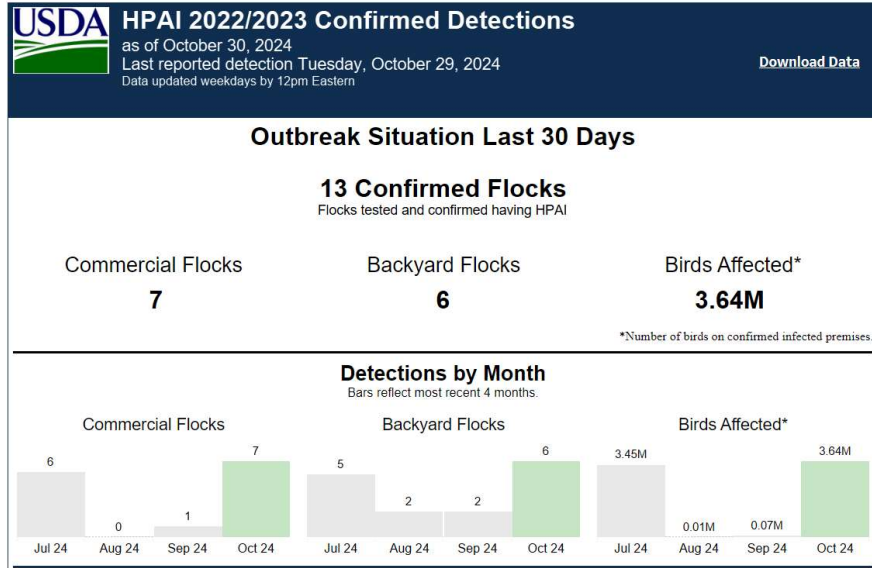


Table Eggs Produced Jul-Sept. (in billions)



HPAI still limiting shell egg industry ability to grow

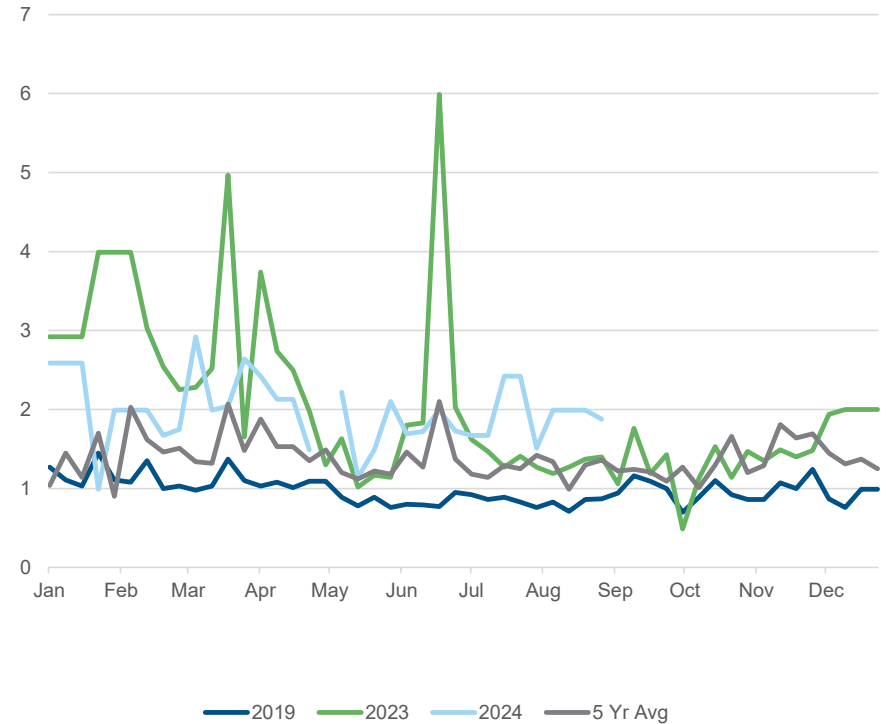


Egg prices remain elevated, tempering demand

Average Monthly Retail Egg Prices

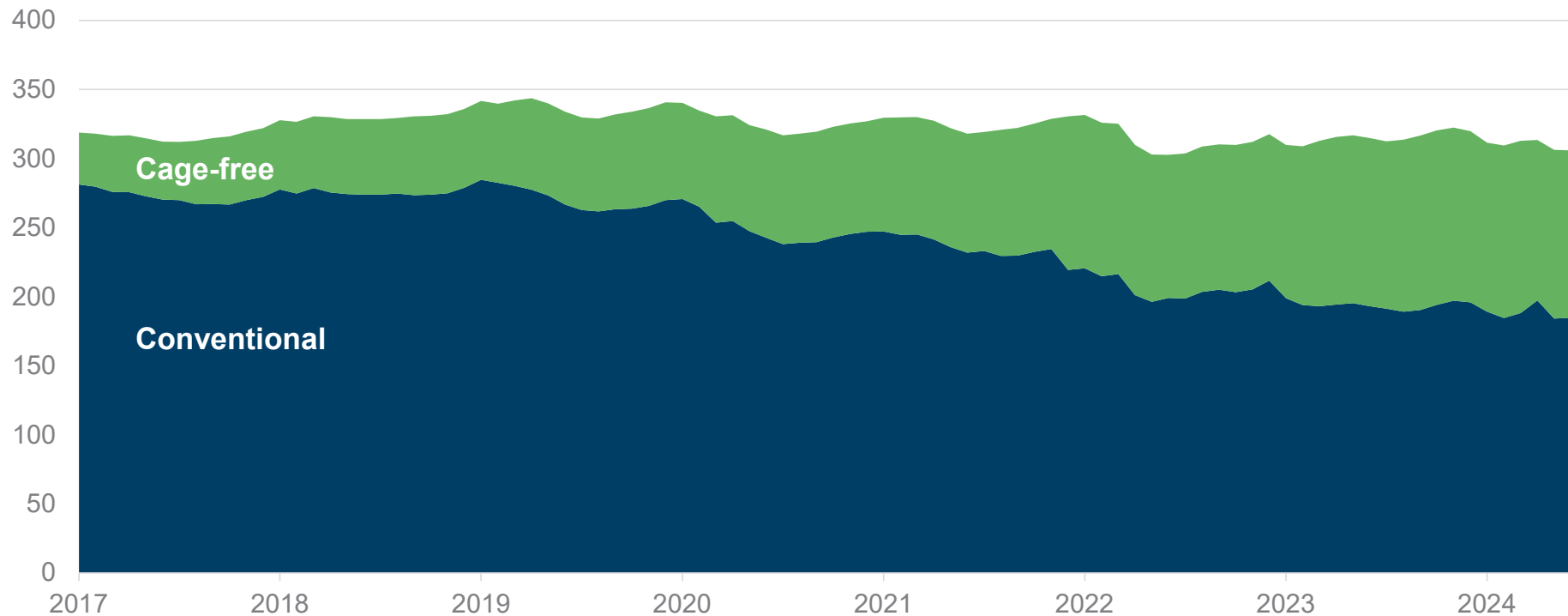


USDA Weekly Egg Feature Prices (Dz Grade A Lg.)



Market participants managing through cage-free expansion

Table egg layers (million)



Questions?

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