F&B Occasions Thought Leadership

How America Eats: What's Cooking Now with Consumers

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July 13, 2022

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F&B Occasions Have Become a Mosaic of Consumer Trends

We have seen quick serve restaurants decline YTD, while retail trips are up

Consumers found savings as gas prices began to surge, shopping general food items online to avoid making a car trip to the store

Summer travel varies, with some consumers getting out and exploring the U.S. and world, while others will enjoy a staycation

Eating out varies across consumer segments due to gas prices

Private Brands are growing in some categories, but impacting overall category growth for several categories

Consumers state they are making eating and drinking changes due to the economy and the impact has been seen across category sales, meal kits and channels shifts, including online

Given economic conditions, 2022 has different consumer actions vs. past

Growing categories have themes resonating with consumers: convenience (in and out of home), affordability and sustenance

Varying dynamics across generations and consumer cohorts deepens the need for targeted messaging and engagement

Lower in-stock rates have been a big driver of unit and volume declines

Elasticities are projected to bounce back, leading to the need for more promotions

It will take a ‘menu’ of ideas & personalization, coupled with supply chain improvement, to drive growth across the industry

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Today's Discussion

Today's Discussion

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We Started to See Changes in Sales in 2021, Both Total Store and Center Store

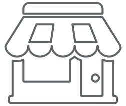
	DOLLARS		UNITS	
	Total Store	Total Center Store CoS TL	Total Store	Total Center Store CoS TL
	2.4%	3.4%	-2.5%	-1.9%
	20.2%	18.7%	14.1%	12.2%

Source: IRI POS - 52 Weeks Ending 12/26/21 vs. YAGO

We Discussed the Drivers of Changes Throughout the Year

- Commodity Prices Rising
- Soaring Energy Prices
- Out of Stocks
- Uneven Consumer Demand
- Transportation Disruption
- COVID-19 Uncertainty
- Shipping Costs 7x
- Govt. Support Ends; Cross-Border + Begin
- Labor Gaps
- Ingredient & Component Shortages

Looking at YTD 2022, Price Increases Have Helped Fuel Dollar Growth, Except Refrigerated Online

			TOTAL DEPARTMENT			
	TOTAL STORE	Total Center Store CoS TL	 General Food	 Refrigerated	 Beverages	 Frozen
	5.6%	8.5%	8.7%	8.3%	8.9%	6.3%
	17.2%	11.5%	14.0%	-3.7%	20.4%	3.2%

Source: IRI POS - YTD Data Ending 05-15-22 vs. YAGO

Of Greater Concern Are Unit Declines in Brick & Mortar, as well as Refrigerated and Frozen in Both B&M and Online

			TOTAL DEPARTMENT			
	TOTAL STORE	Total Center Store CoS TL	 General Food	 Refrigerated	 Beverages	 Frozen
	-3.3%	-2.5%	-2.0%	-2.8%	-2.7%	-4.2%
	11.5%	6.0%	2.9%	-3.3%	24.8%	-2.7%

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Source: IRI POS - YTD Data Ending 05-15-22 vs. YAGO

The Only Two Categories Driving Both Dollars and Units are Energy Drinks and Non-Chocolate Candy, But Out-of-Stocks Have Plagued Center Store Categories

Category		YTD 2022 $ % Change vs. YA	YTD 2022 U % Change vs. YA	YTD 2022 V % Change vs. YA
Carbonated Beverages		10.7%	-3.1%	-2.4%
Salty Snacks		13.1%	-0.2%	-0.2%
Bottled Water		11.8%	-1.5%	2.3%
Chocolate Candy		8.0%	-2.9%	-1.9%
Energy Drinks		9.3%	5.1%	5.9%
Frozen Dinners / Entrees		6.9%	-7.2%	-7.2%
Coffee		5.5%	-5.3%	-5.4%
Cookies		9.1%	-3.0%	-2.2%
Non-Chocolate Candy		13.0%	2.1%	1.7%
Cold Cereal		3.5%	-6.3%	-6.7%

Source: IRI POS MULO+C - YTD Data Ending 05-15-22 vs. YAGO & 2YA

Lower In-Stock Rates Have Plagued Many Center Store Categories

Product	Qtr Ending 03-31-2022	Building Qtr End. 06-30-2022
Non-Chocolate Candy	76%	69%
Chocolate Candy	74%	71%
Baby Formula / Electrolytes	89%	83%
Salty Snacks	83%	84%
Pastry Doughnuts	84%	85%
Cookies	81%	86%
Energy Drinks	85%	86%
Gum	88%	88%
Bottled Water	88%	88%
Soup	90%	88%
FZ / RFG Processed Poultry	83%	88%
Carbonated Beverages	88%	90%
RFG Side Dishes	88%	90%
Fresh Bread and Rolls	91%	91%
FZ Dinners / Entrees	90%	91%
Cold Cereal	89%	91%
RFG Tea / Coffee	91%	91%
Coffee	90%	92%
Rice	93%	93%

Source: IRI_OOS; Product: Standard Hierarchy – Select Snack Categories; Geography: All States; Time: YTD June 2022

By Occasion, Snacking is Still Driving Overall Growth, with Late Night Snacking Continuing to Increase





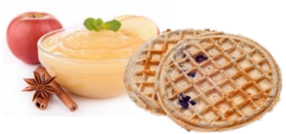
Occasion	CY 2021 $ % Change vs. YA	CY 2021 U % Change vs. YA	CY 2021 V % Change vs. YA	YTD 2022 $ % Change vs. YA	YTD 2022 U % Change vs. YA	YTD 2022 V % Change vs. YA
Breakfast	-6.8%	-8.5%	-9.7%	+5.0%	-4.3%	-4.3%
Lunch	+3.9%	-2.2%	-3.8%	+9.6%	-1.4%	-2.9%
Dinner	+4.2%	-2.2%	-1.6%	+7.7%	-6.2%	-5.7%
Core Snacking	+6.8%	+1.4%	+0.0%	+9.9%	-0.9%	+0.3%
Late Night	+4.9%	+1.2%	-1.3%	+11.4%	+0.5%	-0.4%

Source: IRI POS MULO+C - CY Data Ending 12-26-21 vs. YAGO & YTD Data Ending 05-15-22 vs. YAGO

Across Other Occasions YTD 2022, It Is a Similar Story

$ % Change vs. YA | *U % Change vs. YA* | *V % Change vs. YA*

CY 2021

Baking			Beverages			Kids			Baby		
											
-5.8%	-9.7%	-10.4%	+9.2%	+2.9%	+3.8%	+10.3%	+5.5%	+10.3%	+8.8%	-3.0%	+3.0%

YTD 2022

+3.7%	-5.3%	-4.9%	+8.9%	-2.6%	-1.7%	+10.2%	-4.7%	-4.1%	+6.0%	-5.0%	+4.2%

Source: IRI POS MULO+C - CY Data Ending 12-26-21 vs. YAGO & YTD Data Ending 05-15-22 vs. YAGO

Today's Discussion

Consumer Driving Behaviors Generally Have Changed With Increased Gas Prices; With 66% of Lower Income Respondents Changing at Least Some Driving Habits

Have you made any driving changes recently due to increased gas prices?	**Total 5/6-5/10/22**	**Lower Income**	**Middle Income**	**Upper Income**
Stocks up more on a trip to a grocery store vs. making frequent smaller trips for groceries	27%	**34%**	26%	22%
One-stop shopping more often to save gas driving to multiple stores	26%	**28%**	27%	23%
Changed or delayed a road trip	14%	**16%**	14%	12%
Orders online more often to save gas driving to the store	11%	**16%**	9%	10%
Works from home more often to save gas commuting	6%	**5%**	6%	7%
Takes public transportation more often vs. driving myself	4%	**6%**	3%	4%
No driving changes due to increased gas prices	44%	34%	45%	52%

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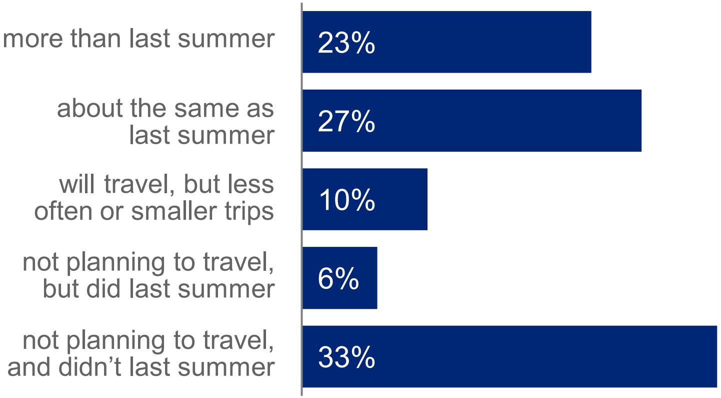
Source: IRI Survey of Primary Grocery Shoppers 5/6-5/10/22

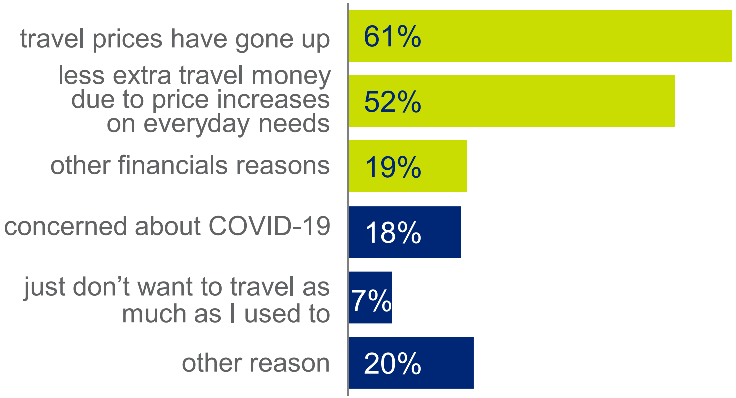
Increased Summer Travel is Planned This Year, Especially Among Millennials and Those With Higher Income, While 16% Are Reducing Travel Primarily Due to Inflation / Finances

31% Millennials and those with higher income are more likely to plan increased summer travel

Summer Travel Plans (Total N = 1024)



Those Planning to Travel Less (Total N = 169)



81% of those cutting back on travel are driven by inflation / finances

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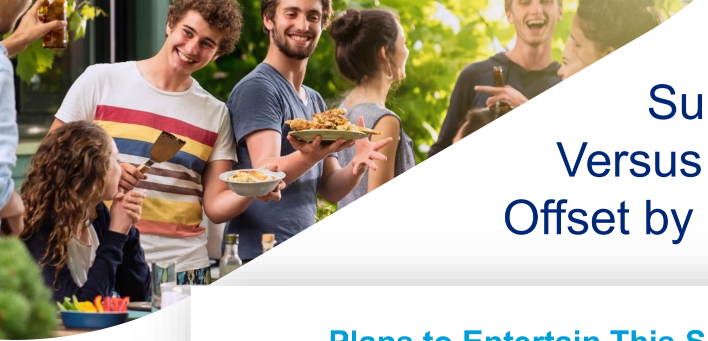
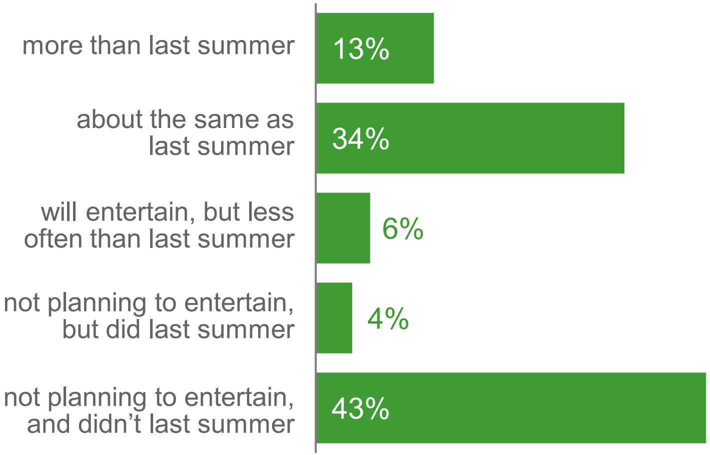
Source: IRI Survey of Primary Grocery Shoppers 5/6-5/10/22



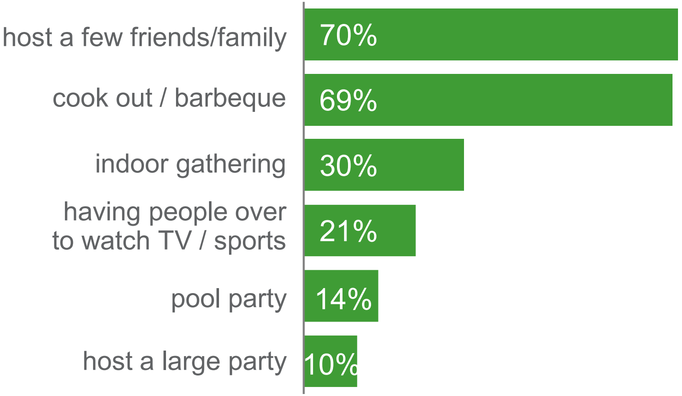
Summer Entertaining is Expected to Be Up Slightly Versus Last Summer, With 13% Planning More, Offset by 10% Planning Less

Plans to Entertain This Summer

Parties or Small Gatherings
(Total N = 1024)



Those Planning to Entertain (Total N = 542)



6 median # of guests

8 younger Millennials average # of guests

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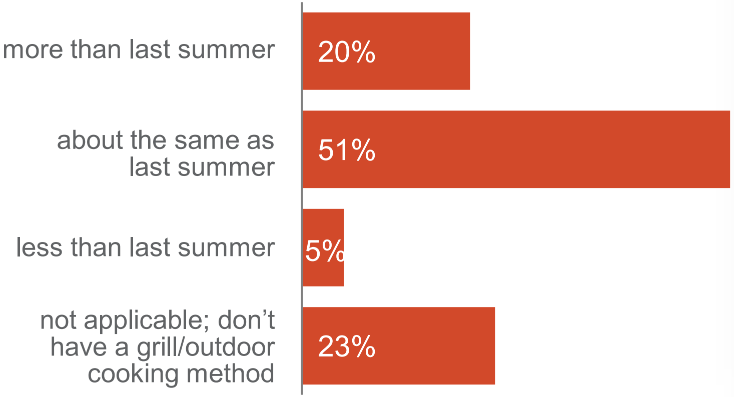
Source: IRI Survey of Primary Grocery Shoppers 5/6-5/10/22

Grilling Will Increase this Summer, Especially Among Younger Millennials; Some Will Entertain More, Using Their New / Improved Outdoor Eating Area or New Grill / Smoker

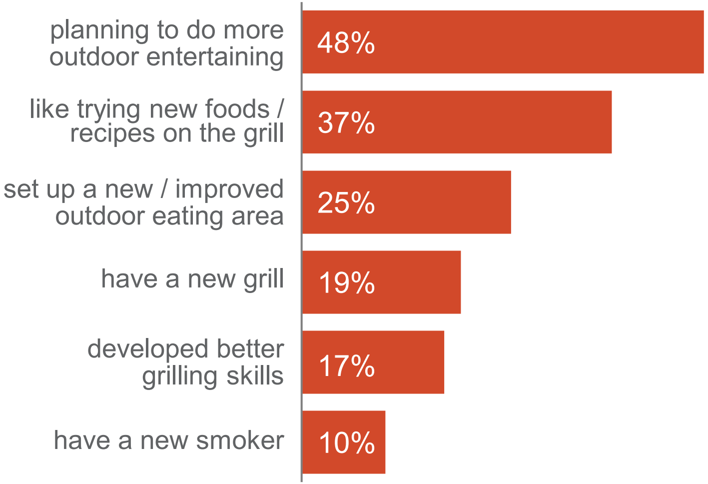
31% of younger Millennials and households with young kids aged 0-5 plan to cook outside more

Plans to Grill or Cook Outside This Summer
(Total N = 1024)



Reasons to Cook Outside More This Summer

Those Planning to Do More Grilling / Outdoor Cooking This Summer (Total N = 207)



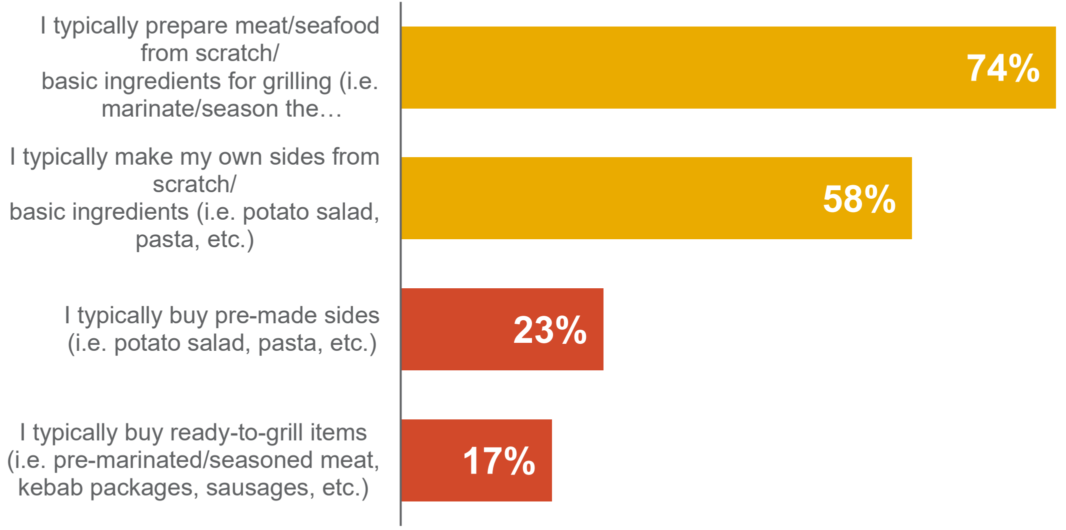
Source: IRI Survey of Primary Grocery Shoppers 5/6-5/10/22

While Most Consumers Prepare Food for Grilling From Scratch / Basic Ingredients, More Convenient Options Are Appealing, Especially to Younger Millennials

30%

of Younger Millennials prefer ready-to-grill items

Food Preparation for Grilling



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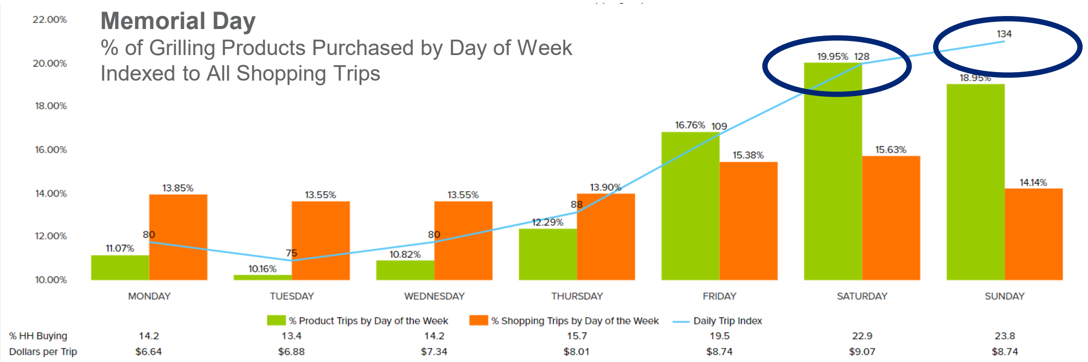
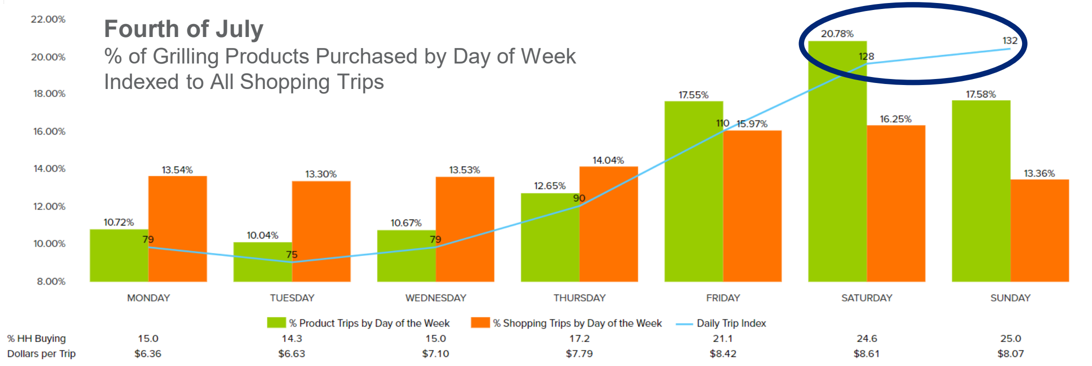
Source: IRI Survey of Primary Grocery Shoppers 5/6-5/10/22 / Base: Those planning to grill or cook out this summer n=784

Consumers Do Not Stock Up In Advance For Summer Holidays, As Key Grilling Items Are Purchased the Day of or One Day Before Memorial Day and July 4th

Grilling Total Trip Index by Day of Week During Memorial Day & Fourth of July Weeks





Source: IRI OmniConsumer Shopper Loyalty Panel / Grilling = Hot dogs, hamburgers, buns, ketchup, mustard, pickles/relish, charcoal

Traditional Backyard Cookout Favorites Still Resonate with Consumers and Should Be Used for Occasion-Based Promotions and Targeted Digital / Social Media

Top Products in Basket with Charcoal / Lighter Fluid

Trips Co-Purchase Index

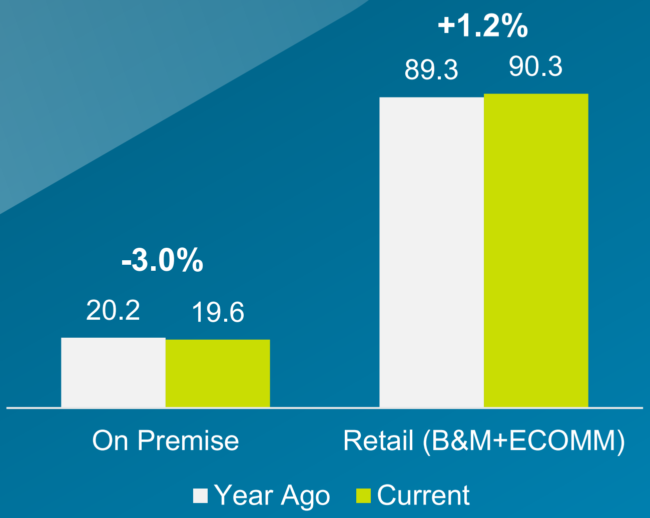
Steak Sauce	BBQ Sauce	FZ Corn on the Cob	RFG Chili	Baked Beans
				
846	701	600	593	478
RFG Frankfurters	Burger/Hot Dog Buns	FZ Meat (Hamburgers)	Marshmallows	Ketchup
				
463	437	349	349	347
Alcoholic Ciders	RFG Dinner Sausage	Ice Pop Novelties	Spice / Seasoning (No Salt / Pepper)	Processed/Imitation Cheese Slices
				
346	345	342	309	309

Source: *IRI OmniConsumer™ Scan Panel – YTD 2022 May* - Trips Co-Purchase Index

Today's Discussion

On-Premise QSR Trips Per Shopper Have Declined, While Retail Food and Beverage Trips Have Increased Slightly; Dollars Per Trip Have Increased More Rapidly for QSRs, Likely Driven By Steeper Price Increases

On Premise QSRs vs. Retail Food & Beverage (B&M + E-Commerce)



On-Premise QSRs Trips per Shopper

+12.2% On-Premise Dollars per Trip

+4.2% Retail Dollars per Trip

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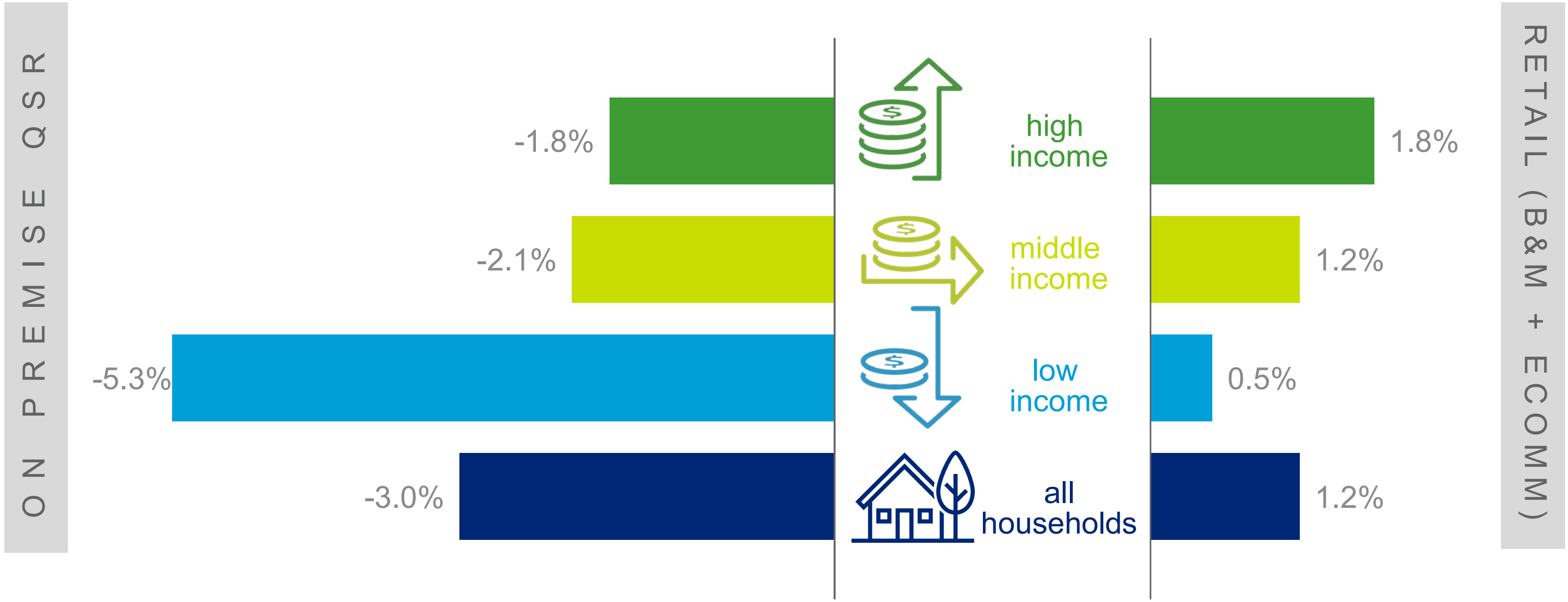
Source: IRI OmniConsumer™ Receipt Panel, YTD May 2022

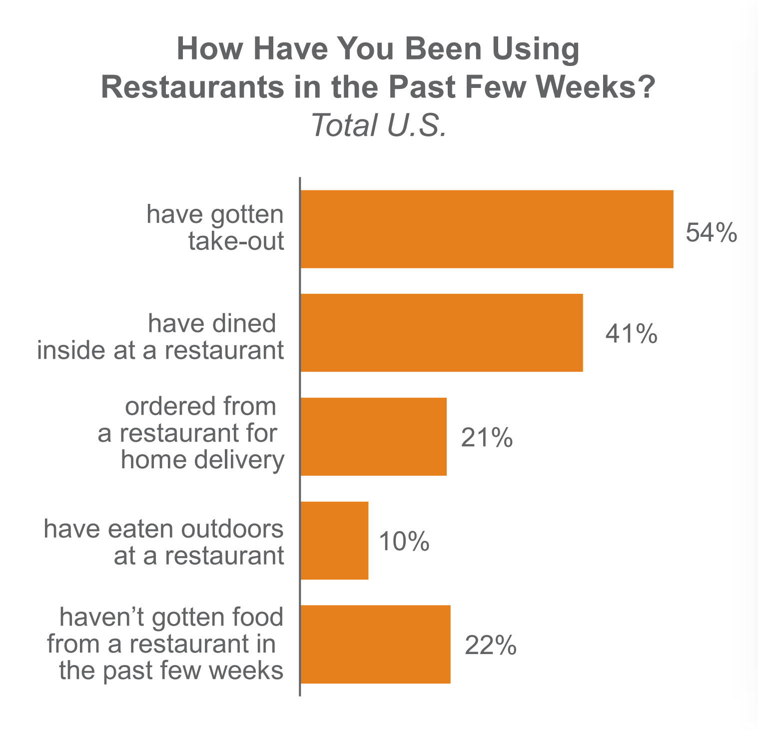
Low-Income Consumers Have Cut Back the Most On On-Premise QSR Trips, While Food & Beverage Trips Have Remained Flat For Low Income and Growing Slightly for Higher Income

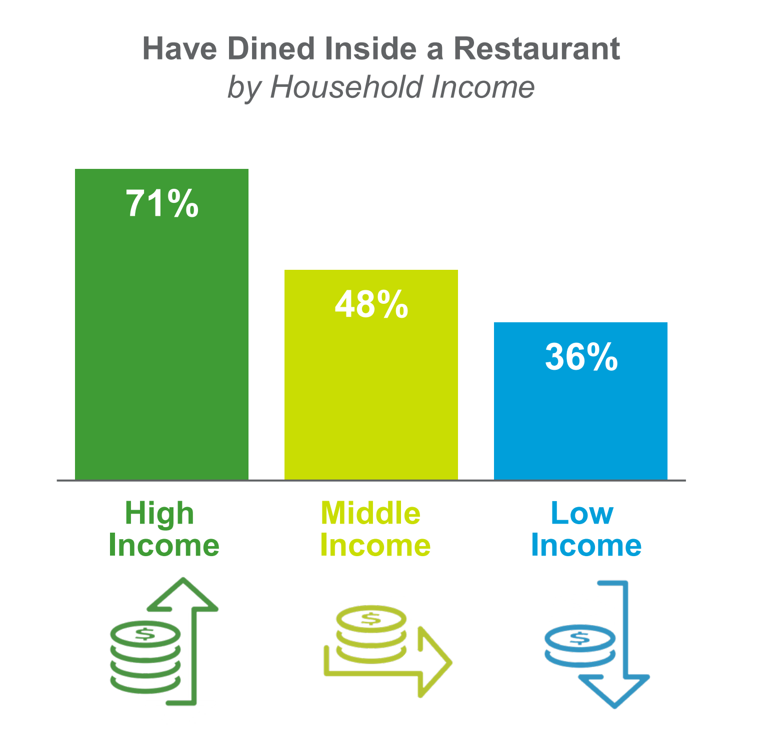
On Premise QSRs Trips per Shopper vs. Retail Food & Beverage (B&M + E-Commerce)



Source: IRI OmniConsumer™ Receipt Panel, YTD May 2022

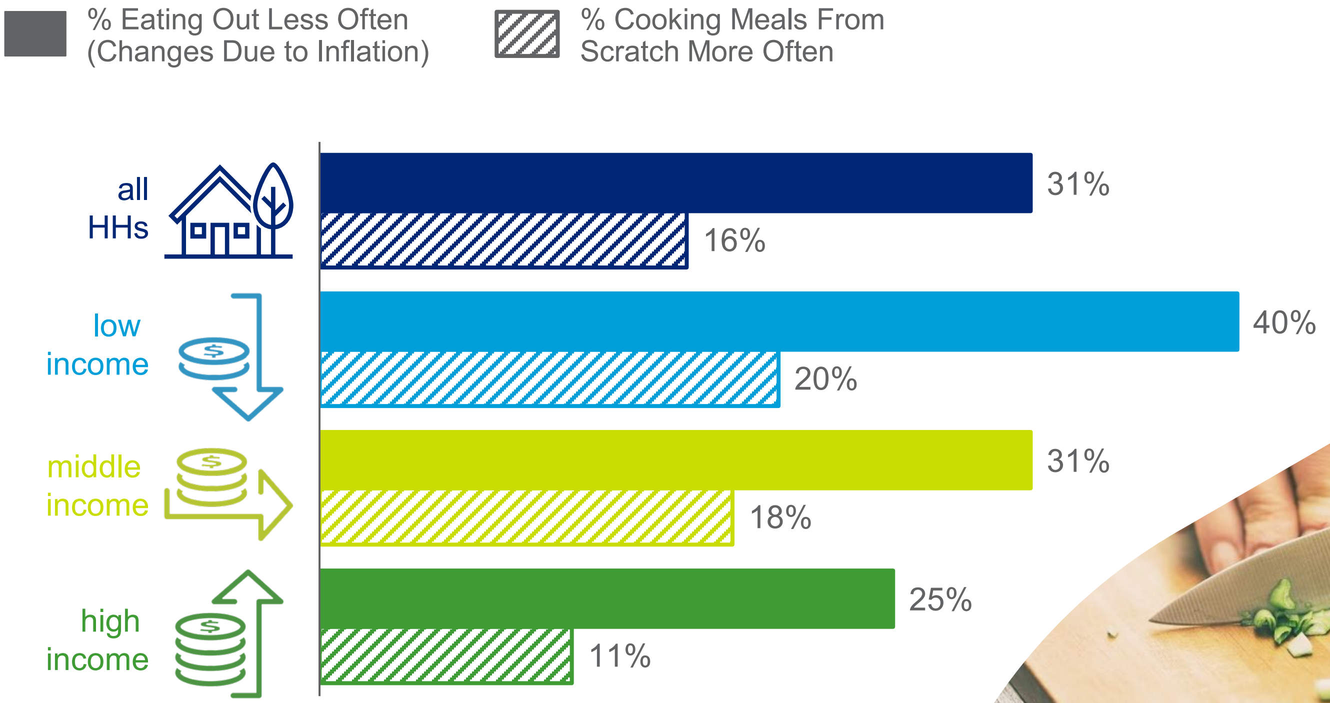
Low-Income Consumers Are Not Dining at Restaurants as Much Compared to the Average Consumer



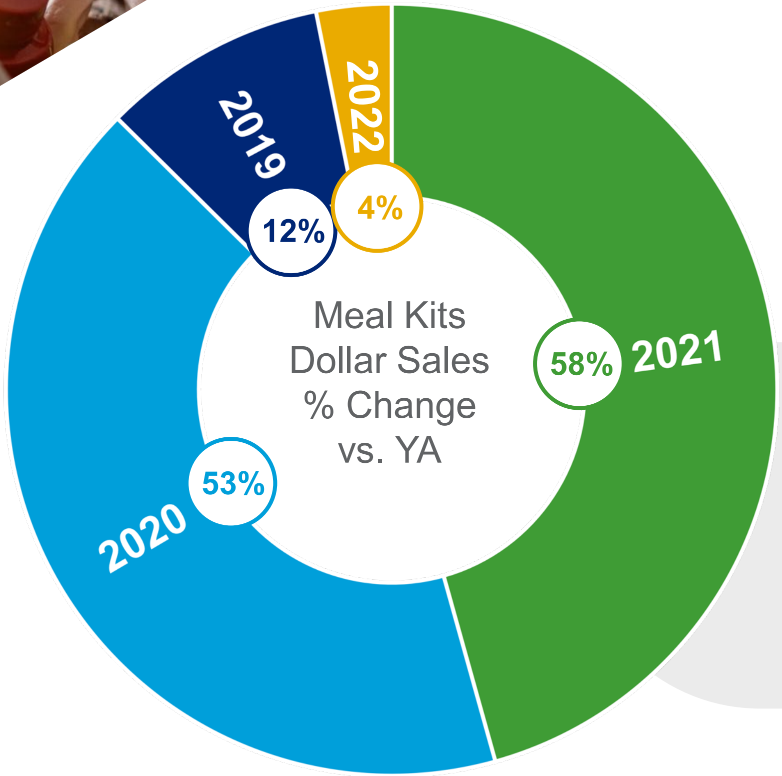


Source: IRI OmniConsumer™ Survey Solutions, May 2022, n=1.024

Low-Income Consumers Plan to Eat Out Less Often Due to Inflation and Also Plan On Cooking More Meals From Scratch

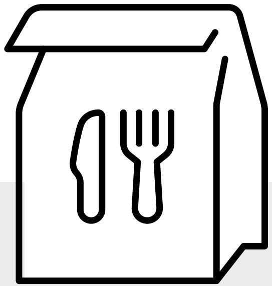


Source: IRI OmniConsumer™ Survey Solutions, May 2022, n=1.024



Online Meal Kit Companies Growth Has Slowed in 2022

After Strong Year-to-Year Growth During the Pandemic



Opportunity for retailers to package convenient meals ideas to customers

Personal "Co-opping" Is a New Phenomenon

Overall, 5% of Consumers Are Purchasing Groceries In Bulk to Split Among Friends, But It Is Higher Among Specific Groups:

9% Gen Z / Younger Millennials

11% Large Households (5+ Members)

9% Households with Kids Ages 6-12

9% Hispanics

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Source: IRI Survey of 934 Primary Grocery Shoppers in National Consumer Panel collected 6/10-6/14/22

The Impact of the Changes are Resulting in YTD All Channels Seeing Increases in Dollar Sales, But Club and Online Are Winning on Unit Growth

$ % Change vs. YA | *U % Change vs. YA*

	CY 2021		YTD 2022	
	$ % Change vs. YA	U % Change vs. YA	$ % Change vs. YA	U % Change vs. YA
Food	-1.4%	-5.5%	+6.3%	-4.1%
Drug	+4.7%	-1.6%	+6.1%	-5.2%
Mass	+7.0%	+0.6%	+11.8%	+0.1%
Club	+6.5%	+4.6%	+10.3%	+3.9%
C-Store	+13.0%	+7.1%	+8.4%	-0.2%
Dollar	-1.2%	-3.5%	+9.1%	-5.7%
Military	-13.2%	-17.0%	+8.4%	+0.4%
Online	+18.7%	+12.2%	+11.5%	+6.0%

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Source: IRI OmniConsumer™ Scan Panel - CY Data Ending 12-26-21 vs. YAGO & YTD Data Ending 05-15-22 vs. YAGO

As We Progress Through 2022 with Elevated Gas Prices, Consumers Have Increased Online Purchases

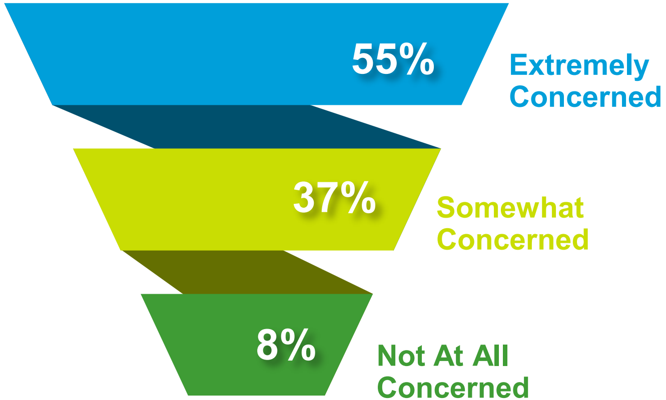
How Shopped the Last Time Groceries Were Purchased

	2022				
	W36 1/7-1/11	**W37** 2/4-2/9	**W38** 3/4-3/8	**W39** 4/1-4/9	**W40** 5/6-5/10
Shopped in a Store	86%	87%	85%	87%	**84%**
Shopped Online, With Curbside Pick-Up	6%	7%	7%	5%	**7%**
Shopped Online for Home Delivery	7%	5%	7%	6%	**8%**
Shopped Online, Picked Up Inside the Store	1%	1%	2%	2%	**1%**

Source: IRI Survey of Primary Grocery Shoppers 5/6-5/10/22

In Fact, E-Commerce Sales Are On the Rise, as Gas Prices Continue to Surge

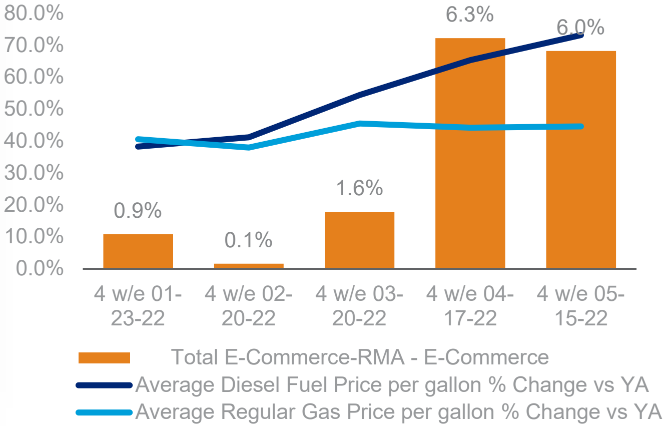
Thinking about your own household, how concerned are you about higher gas prices?



N=1024 / 5/6 to 5/10/22

92% of survey respondents are concerned about rising gas prices

E-Commerce General Food Unit % Change vs. Gas Prices



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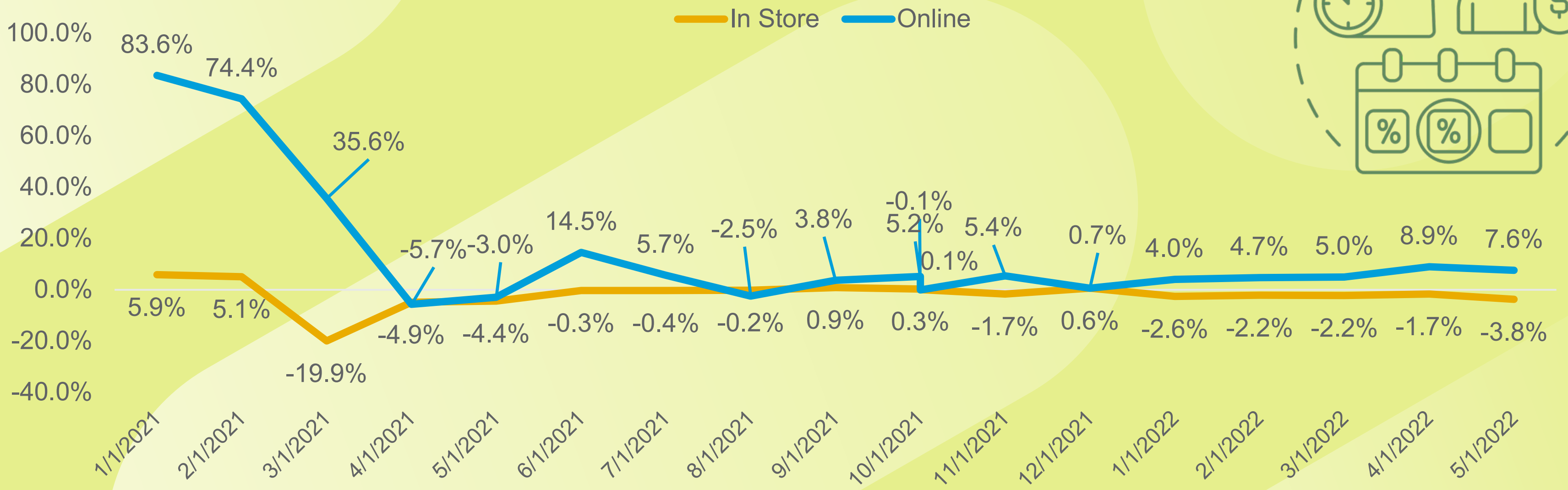
Source: IRI eMarket Insights ; IRI Gas Data Module / IRI Survey of Primary Grocery Shoppers 5/6-5/10/22

Looking at the Broader Center Store Universe, Consumer Actions Are Aligning to Their Attitudes With Online Unit Sales Increases YTD 2022

% Unit $ Change



Source: U % Change - IRI TSV & eMarket Insights COS

Today's Discussion

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Four Categories Have Done Well with Varying Drivers

Pastry / Doughnuts

Indulgence, convenience – plastic wrapped (e.g., return to work, school, portion control, food safety for sharing, minimizing food waste, stays fresher)

Frozen Appetizers / Snacks

Overall penetration +1.1 point YTD vs. YA; individual packages near $1, sustenance, fewer deeper deals, social media

Soup

Affordability, convenience, sustenance, deeper discounts

Energy Drinks

Fun flavors, zero sugar, some fit for summer mocktailing, robust marketing and specific targeting, innovation

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Social and Digital Media Have Influenced the Success of the Soup Category

What is Kylie Jenner's Ramen recipe?
Influencer's cooking goes viral on TikTok

Kylie Jenner originally shared her ramen noodles recipe in a very 2016 way: she posted about it on her Snapchat story, captioning a photo of her dish saying: "I added butter, garlic powder and an egg to my ramen noodles. What do you add?"

At the time, college students up and down the country were rushing to replicate her quick and easy dish, and now with TikTok's growing food scene, it looks like the recipe has resurfaced, with the tag 'kyliejennerramen' amassing 12.4 million views on the app.

Over on TikTok, users have, as usual, been adding their own twists to the recipe, with popular additions including parsley and Trader Joe's Everything But the Bagel Seasoning (a brand of seasoning that blends together minced garlic, poppy seeds, sesame seeds, coarse salt and minced onion).

https://www.dexerto.com/entertainment/what-is-kylie-jenners-ramen-recipe-influencers-cooking-goes-viral-on-tiktok-1528531/

Consumers State Different Reasons For Consuming Energy Drinks

	18-24 years	25-34 years
I am working more hours	42%	40%
I'm choosing energy drinks instead of going to a coffee shop	42%	44%
I'm spending more time gaming	31%	23%
I have to balance work and childcare during the day	31%	19%
I'm getting less sleep	23%	25%

Source: 2022 IRI Snacking Survey

Social and Digital Media Have Influenced the Success of Energy Drinks

New Summertime Red Bull Flavor, Featured at Sonic

Engaging Packaging Sent to Influencers

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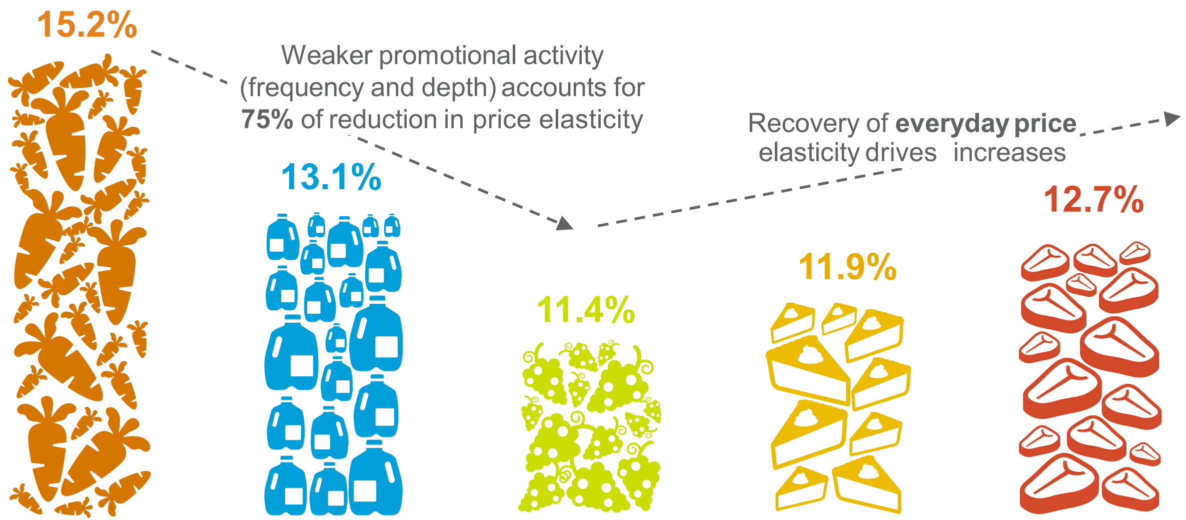
Source: Instgram

Today's Discussion

Overall, Price Elasticities Reverting As Inflation Picks Up

Key CPG Categories Average Grocery Price Elasticity Trends
(Volume Loss from 10% Price Increase)



Pre-COVID-19	Y1 of COVID-19	L52	L26	L13
INDEX TO PRE-COVID-19				
	90	77	80	86

Some categories see more pronounced recovery; elasticity remains below norms with products in low supply

As inflation continues, we expect elasticity will bounce back further and promotions will begin to increase later in 2022

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Note: Pre-COVID = 52 WE 2/23/20, 1st year of COVID defined as 52 WE 2/21/21; all of L52, L26 and L13 are ending 2/13/22; Dollar-weighted avg across 50 top CPG categories. Source: IRI Client Engagement models.

Across the Generations, We Find Gen Z, Millennials and Boomers Driving More Than Their Fair Share of Growth

The Younger Generations Form New Households and Grow Families, Accounting for More Households and Increasing Spend Per Household





COS Growth by Generational Cohort

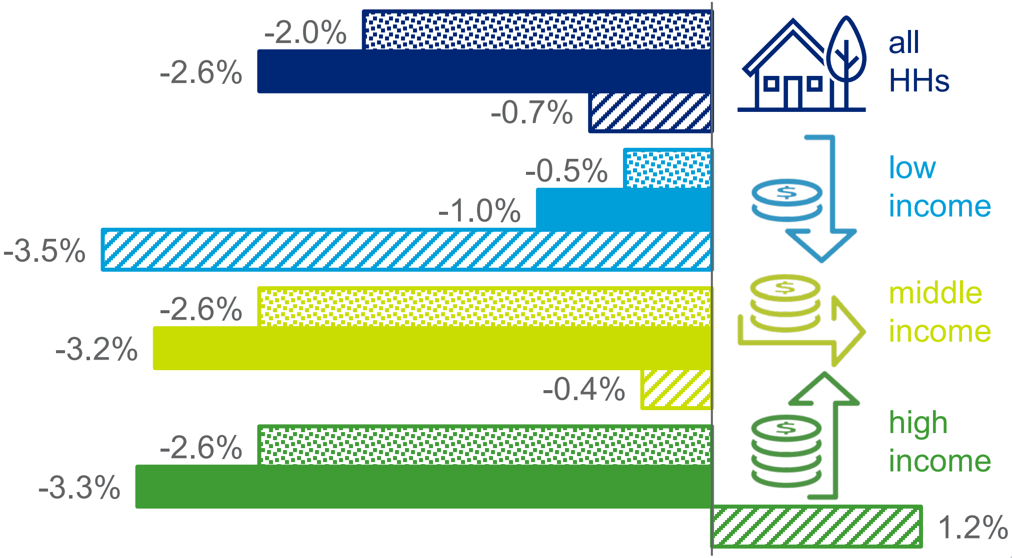
	Gen Z	Millennials	Gen X	Boomers	Seniors
% of Sales	1%	27%	31%	34%	8%
% of Growth – 52 WE 6/13/22	2%	29%	28%	35%	6%

Source: IRI OmniConsumer Scan Panel data ending 5/15/22, Total Center of Store

Low-Income Consumers Have Cut Back the Most on Non-Food and the Least on Food and Beverage

Volume Sales Trends by Income Tiers

COS F&B Non-Food



Source: IRI OmniConsumer™ Receipt Panel, YTD May 2022

Consumers Across Income Levels Are Spending Differently, Indicating Varying Needs

Low Income

Hydration, cooking at home and snacking are dominant for **LOW INCOME** buyers

- SS Ham
- SS Non-Fruit Drinks
- Mexican Food Items
- Cornmeal/Baking Oat
- Bouillon
- Dry Dinner Mixes w/Meat
- Energy Drinks
- RTD Breakfast Meals
- Instant Coffee
- Prepared Gelatin
- SS Bottled Fruit Drinks
- Powdered Milk

Middle Income

MIDDLE INCOME buyers skew towards entertaining, convenience cooking and snacking

- Fz Muffins
- Btld Grapefruit Juice
- Fz Squash/Zucchini
- Fz AO Pasta
- Fz OJ Concentrate
- Btld Grapefruit Cocktail
- SS Pizza Crust Mixes
- AO Snack/Granola Bars
- Graham Cracker Crumbs
- Bread Mixes
- Garlic Spread
- Lqd Sports Drink Mixes

Upper Income

Premium convenience cooking and in home experiences (e.g., coffee) index high with **UPPER INCOME** consumers

- Fz Gnocchi
- Matzoh Crackers
- Whl Coffee Beans
- Fz Apple Juice Concentrate
- AO SS Pasta
- Coffee Concentrate
- SS Clam Juice
- Fz Multi-Serve Soup
- Fz Bagels
- Nutritional Health Bars

Source: IRI OmniConsumer™ Scan Panel – YTD 2022 May – Volume Index Sub-Category

As Part of Their Journey Through This Economic Period, Low-Income Consumers Have Cut Back On Prepared Entrees and More Expensive Cuts of Meat and Instead Are Leaning Into Less Expensive Food and Beverages

Retailers and Manufacturers Have an Opportunity to Offer Meal Ideas With These Products or Co-Promote In Store

Pre-Packaged Processed Dinners or Cheaper Meals

Less Expensive Cuts of Meat

Cooking / Baking / Meal Prep

Sides

Desserts

Drinks

Powdered Milk

We are Seeing Other "Do It Yourself" Shifts Among Low Income Consumers

INVERSE RELATIONSHIPS

Powdered Drink Mixes Fruit Drink Mixes Up 22%, While Aseptic Juice Drinks Declined -11%

Coffee Concentrate Up 91%, While Instant Coffee Down -7% and Ground Coffee Down -4%

Flour is Up, **Baking** is Up More, **Pancake Mixes** Are Down

Liquid Drink Enhancers Up 24% and Still Water Up 10%, Perhaps Making Own Juices / Drinks More

Powdered Milk Up 22%, Dairy RFG Milk Down 2%

Canned Fruit Up 6%, While FZ Fruit Down 11%

RTD Breakfast Meals & Breakfast Snack Bars – Source of Nutrients vs. More Expensive Breakfast Products

Processed Meats Up Like SS Ham, Meat Alternatives, FZ Processed Turkey and Poultry Alternative

Asian Food and Soy Sauce Up 12%, 16% Possible Replacement for Chinese Take Out

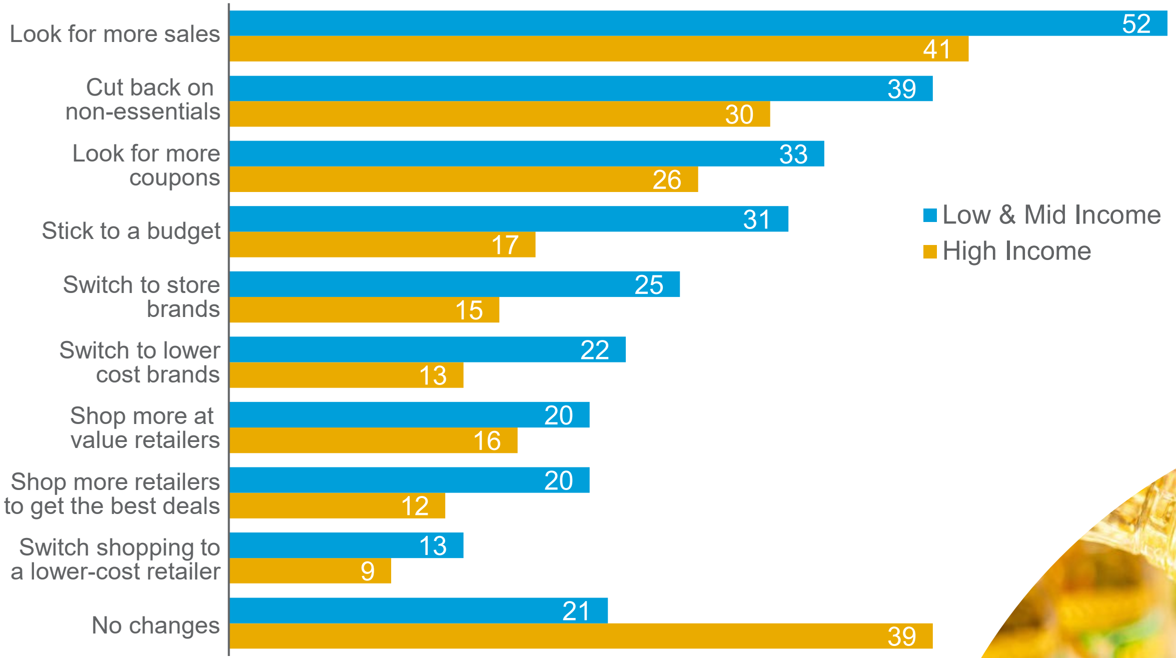
Pasta and FZ Pasta Up Double Digits

IRi

Source: IRI OmniConsumer™ Scan Panel – YTD 2022 May – Volume Index Sub-Category

If Attitudes Lead to Actions, Then Low Income Households Will Account For More Value Behaviors Ahead

Changes in Shopping Choices Due to Increased Prices – % of Respondents



Low and middle-income households experience ~1ppt. more total household inflation impact due to ***greater dependence on high inflation areas*** *(e.g., food, utilities)*

IRi

Note: Lower Income = <$30k 1P + $5k per add`l person, Middle Income = $30-70k 1P + $5k per add`l person and Upper Income = >=$70k 1P + $30k all others. Source: IRI Consumer Panel data ending 3/20/22, Total store excluding fresh. IRI Consumer Pulse survey, March 2022, N= 1,000+ . IRI Client Engagement.

Consumers Spend 17.3% On Average, of Their Food and Beverage Budget On Store Brands; Refrigerated Has an Especially Wide Acceptance of Store Brands

Private Label Share Within Department

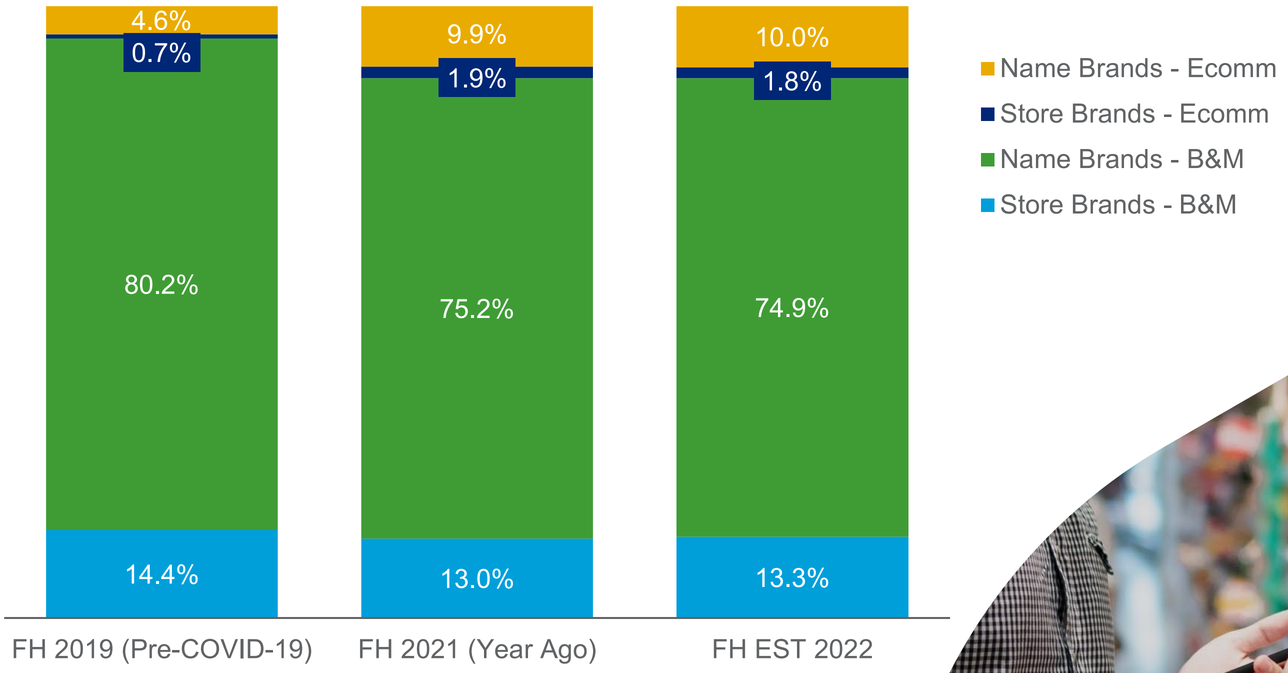
		EDIBLE	SS BEV	FRZ	SS FOOD	RFG
Total	PL $ Share	17.9%	11.4%	23.1%	15.3%	31.6%
	PL $ Share Change	*-0.3%*	*-0.3%*	*0.1%*	*0.2%*	*-0.8%*
Food	PL $ Share	17.1%	10.3%	19.7%	14.7%	28.6%
	PL $ Share Change	*-0.1%*	*0.0%*	*0.3%*	*0.3%*	*-0.3%*
Mass	PL $ Share	22.7%	14.5%	28.7%	17.4%	38.8%
	PL $ Share Change	*-0.7%*	*-0.9%*	*-0.7%*	*-0.3%*	*-0.8%*
Club	PL $ Share	20.7%	16.4%	28.1%	18.2%	32.7%
	PL $ Share Change	*0.2%*	*0.0%*	*1.9%*	*1.1%*	*-1.2%*
Dollar	PL $ Share	6.6%	4.9%	1.4%	6.2%	23.9%
	PL $ Share Change	*-0.3%*	*0.3%*	*-0.8%*	*0.2%*	*-5.0%*
Drug	PL $ Share	6.5%	6.7%	7.0%	8.9%	6.9%
	PL $ Share Change	*0.0%*	*0.0%*	*0.4%*	*0.4%*	*0.5%*

In Club, **Store Brands** Have Been Winning Dollar Share in **Frozen** and **SS Food**

Source: IRI all outlet Panel and MULO total Store Edible excluding Fresh, Liquor, Total US ,YTD ending 5/15/2022

Private Brands Gained Share During 2020 and 2021 But Currently Stable, While Name Brands Continue to Grow Online

Food & Beverage – Dollar Share - Omnichannel



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Source: IRI Syndicated Omni Channel, Total US FH-22 est YTD 5/29/2022 ,

Households with Incomes <$100K Are Making Their Budget Stretch by Increasing Purchases of Pantry Commodities and Other Family Meal Staples

Categories with Increased Store Brand Volume Buy Rate / All Outlet, YTD

HH>100K	HH<100K		
	●	Rice	Commodity
	●	Flour/Meal	Commodity
	●	Dry Beans/Vegetables	Commodity
●		Vinegar	Commodity
●	●	Tea – Bags/Loose	Meal Makers
●	●	Gravy/Sauce Mixes	Meal Makers
●	●	Steak/Worcestershire Sauce	Meal Makers
●		Coffee Creamer - SS	Meal Makers
●		Seafood - RFG	Meal Makers
	●	Pizza - RFG	Meal Makers

HH>100K	HH<100K		
●	●	Appetizers/Snack Rolls (FZ)	Snacking
●	●	Spreads (RFG)	Snacking
●		Dried Meat Snacks	Snacking
	●	Desserts/Toppings (FZ)	Discretionary
●	●	Liquid Drink Enhancers	Discretionary
	●	Whipped Toppings (RFG)	Discretionary
●		Cocktail Mixes	Discretionary

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Source: IRI all outlet Panel total Store Edible excluding Fresh, Liquor, Total US ,YTD ending 6/12/2022

Private Brands Have Captured Share Across Many Categories, However Category Growth is Declining in Several

Frozen

Subcats – MULO Top Volume Share Gainers

Category Name	PL Share YTD 5-5-22	PL Share Change
Fz Bread / Dough –	26%	2.1%
Fz Desserts / Toppings ↓	28%	2.3%
Fz Potatoes / Onions ↓	48%	3.2%
Fz Appetizers / Snack Rolls ↑↓	16%	4.9%

Refrigerated

Subcats – MULO Top Volume Share Gainers

Category Name	PL Share YTD 5-5-22	PL Share Change
Rfg Spreads ↓	35%	9.3%
Rfg Pizza ↑↓	75%	3.6%

Shelf Stable

Subcats – MULO Top Volume Share Gainers

Category Name	PL Share YTD 5-5-22	PL Share Change
SS Coffee Creamer ↑	36%	5.9%
Drink Mixes ↓	24%	2.3%
Baking Nuts ↓	69%	2.5%
Marshmallows ↓	39%	2.5%
Gravy / Sauce Mixes ↓	18%	2.2%
SS Grated Cheese ↓	56%	7.4%
Snack Nuts / Seeds / Corn Nuts ↓	44%	2.4%

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Note: Arrows denote both Volume and Unit Growing

Source: IRI MULO total Store Edible excluding Fresh, Liquor, Total US ,YTD ending 5/15/2022

PRIVATE BRANDS

In General , YTD 2022, the Price Incentive Gap is Not Being Maintained

Store Brands had a higher price / volume % change increase vs. national brands in **44%** of F&B subcats

May Not be Enough of a Price Incentive for Consumers to Keep Buying Private Brands

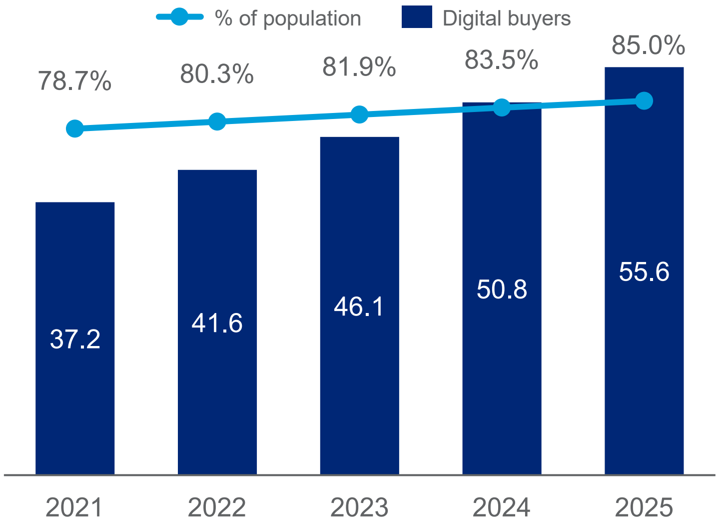
Source: IRI MULO, YTD ending 5/15/2022, Absolute Price per Volume change, All Food & Beverage Subcategories where Store Brands have a meaningful presence (5%-90% share)

Today's Discussion

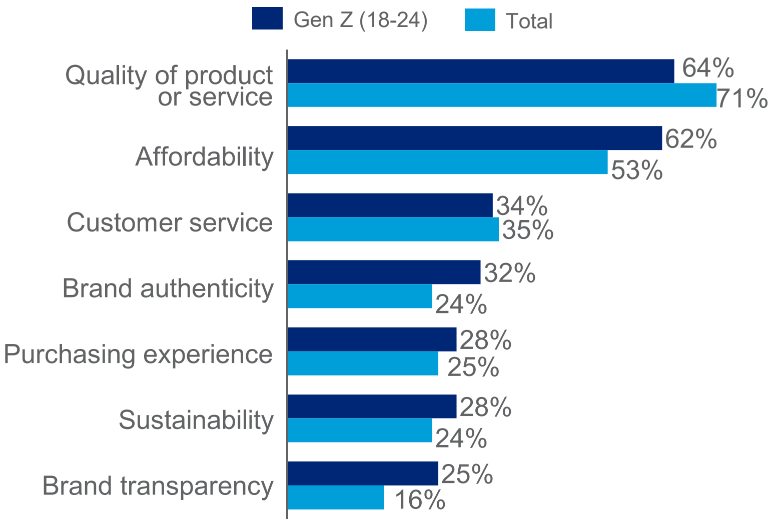
Gen Zs in the U.S. Are Becoming a Highly Influential Group of Shoppers and Buyers

Digital shopping among Gen Z and all other age groups will continue to grow after the pandemic.
Gen Z values ease and convenience across shopping and buying looks to minimize costs and maximize value.

U.S. Gen Z Digital Buyers and Penetration, 2021 – 2025
Millions and % of Gen Z Population[1]



Factors Important to Purchasing Decisions According to U.S. Gen Z vs. Total Adults, June 2021
% of Respondents[2]



Source: https://content-na1.emarketer.com/us-generation-z-shopping-behaviors
https://content-na1.emarketer.com/us-generation-z-shopping-behaviors

Note 1: Digital buyers are defined as internet users who have made at least one purchase via any digital channel (Including online, mobile, and tablet) during the calendar year; Gen Z are individuals born between 1997 and 2012. Source: eMarketer.
Note 2: Gen Z ages 18-24; Source: SurveyMonkey as cited in company blog, conducted by momentive

Gen Z Skews to Convenient Meals (Ramen, RFG Lunches, FZ Apps / Handheld), Energy – RTD Coffee, Energy Drinks, Ethnic – Asian, Hot Sauce)

Product	Gen Z Index
RFG Muffins-Baked Goods	164
Powdered Milk-Aisle-Non-Fruit Drinks	150
Ramen-Soup-Aisle-Meals	142
FZ Corn on the Cob	139
Aseptic Juices-Aisle-Juices	138
Dry Rice-Rice-Aisle-Meals	136
Cooking & Salad Oils	133
RFG Snack Cakes / Doughnuts	128
Energy Drinks	128
Bouillon-Soup-Aisle-Meals	128
Imported Beer / Ale	127
FZ Drink / Cocktail Drink Concentrate	126
FZ Appetizers / Snack Rolls	126
FZ Processed Poultry Substitute	126
FZ Handheld Entrees (Non-Breakfast)	125
Novelty Chocolate Candy	125

Product	Gen Z Index
Dry Fruit Snacks-Aisle-Snacks	125
Hot / Cajun Sauce	124
RFG Yogurt Drinks-Yogurt-Aisle-Dairy	124
Bottled Juices - SS-Aisle-Juices	122
Dry Rice	122
RFG Juices / Drinks	122
FZ Processed Poultry	121
RFG Lunches	120
Sports Drinks	120
SS Asian Food Items	123
RFG Oat Milk	123
Dried Breakfast Food	123
Nonflavored Bottled Still Water	122
FS Cookie Dough	122
Cappuccino / Iced Coffee RTD	120

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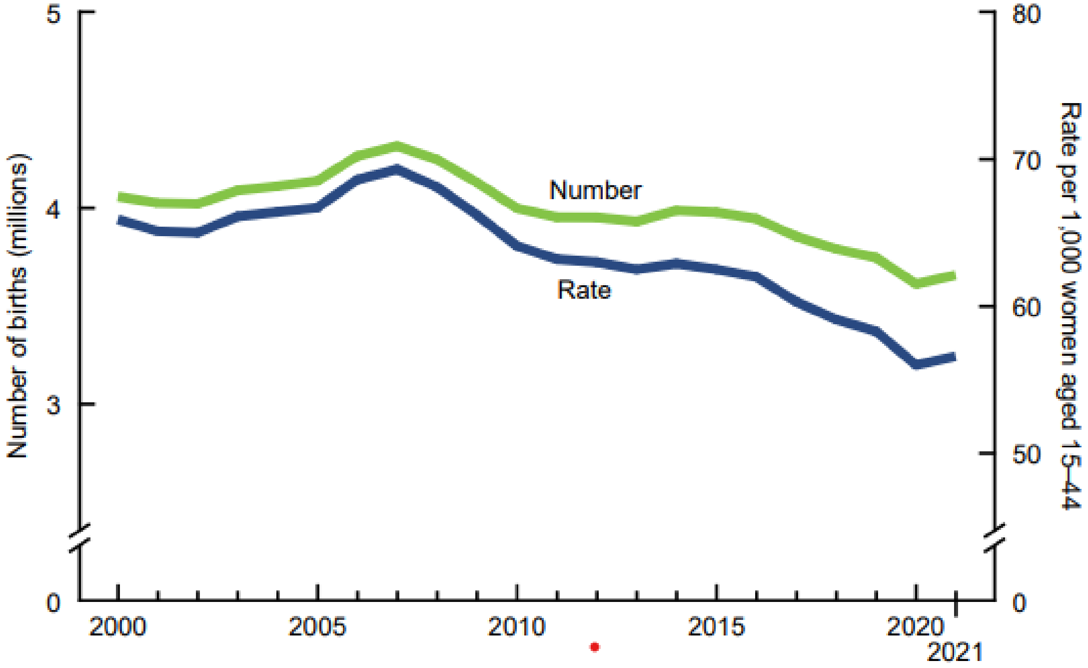
Source: IRI OmniConsumer™ Scan Panel – YTD 2022 May

Birth Rates Hit Their Lowest Point in 2020, But Started to Rebound Slightly in 2021

of Live Births and General Fertility Rates:

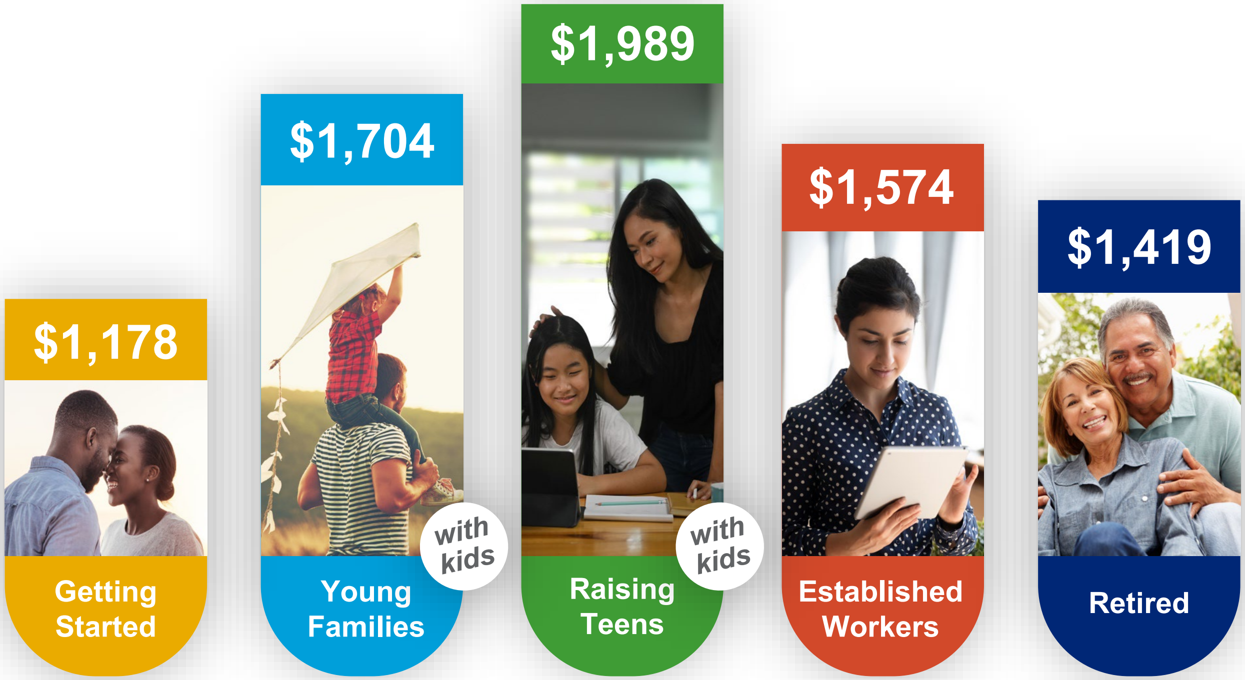
United States, Final 2000-2020 and Provisional 2021



Source: National Center for Health Statistics, National Vital Statistics System, Natality

Lower Birth Rate Has Spending Implications For Center of Store Products as Households Without Kids Across the Various Lifestages Spend Less

Center of Store Dollars per Buyer by Lifestage



At Risk Categories With a Declining Birth Rate

Category	Presence of Children 0-5
SS Baby Food	171
Baby Formula / Electrolytes	169
FZ Baby Food	165
SS Yogurt / Yogurt Drinks	163
FZ Pizza Kits / Toppings	144
RFG Lunches	138
Dry Fruit Snacks	137
Aseptic Juices	136

Category	Presence of Children 0-5
FZ Ice Pop Novelties	136
SS Bottled Apple Juice	133
SS Microwavable Package Dinner	131
Novelty Non-Chocolate Candy	130
RFG Muffins / Baked Goods	130
FZ Cookie Dough	130
FZ Corn on the Cob	130

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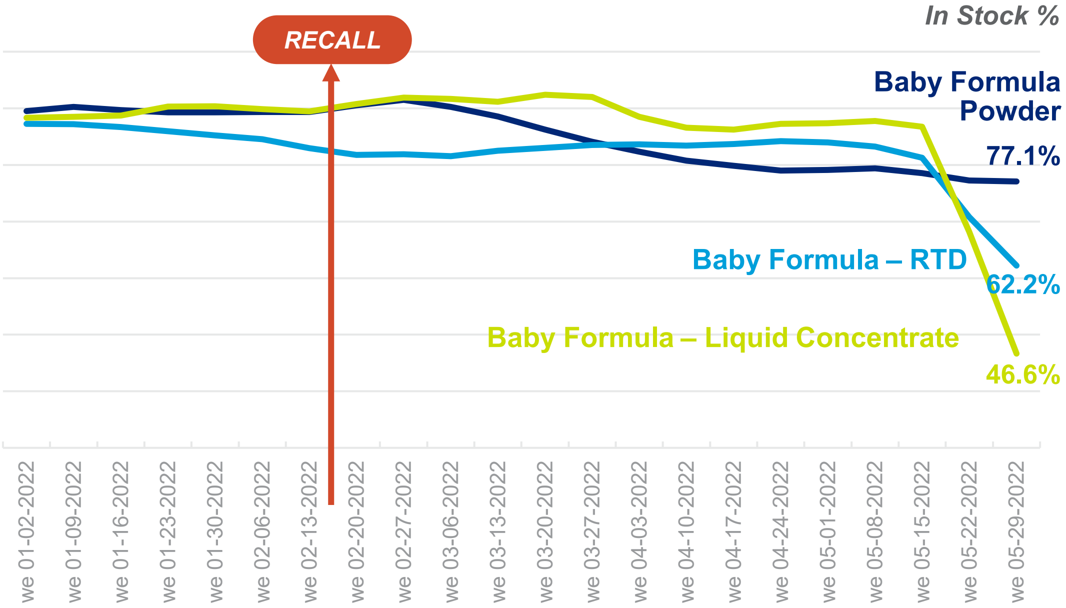
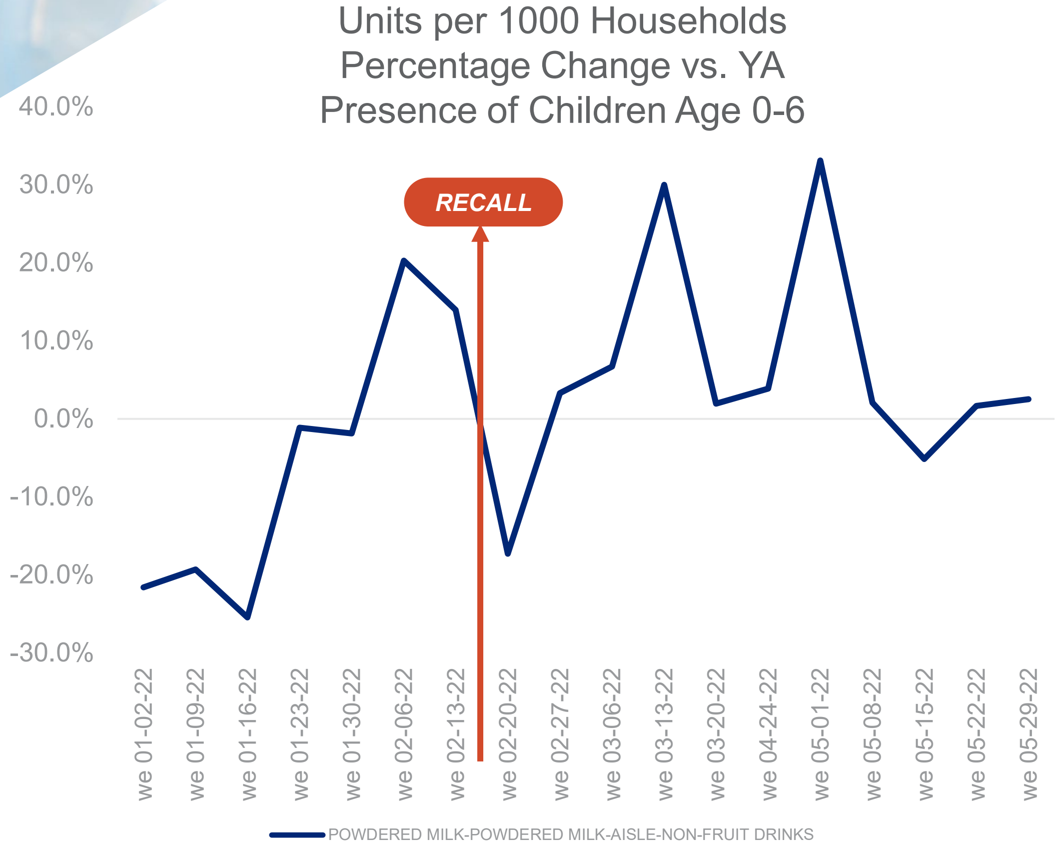
Source: IRI Shopper Loyalty _52 Weeks Ending May-15-22_Dollar Index

The Big Headline in the Baby Sector Was the Recall of Baby Formula From the #1 Supplier, Leaving Families With Young Children Scouring Shelves to Stock Pantries and Driving Never-Before-Seen Out-of-Stocks



Source: IRI Daily OOS

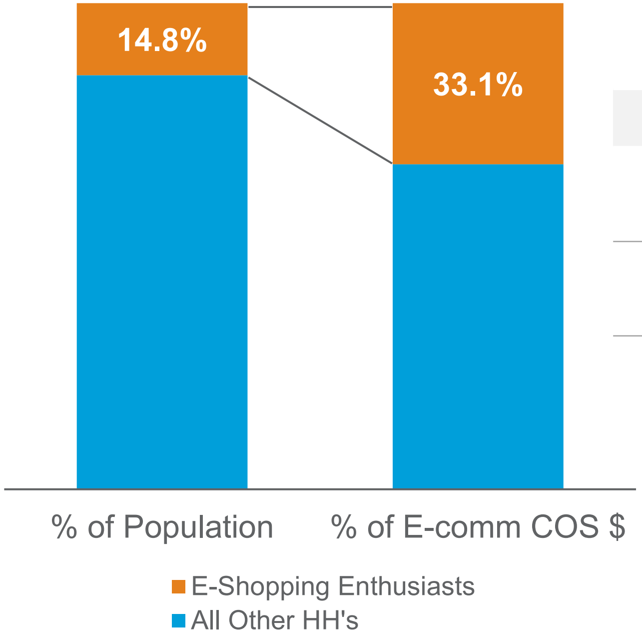
One Category That Realized Increased Sales Was Powdered Milk



**Note: removed 4 weeks impacted by Easter to eliminate the sales shift throwing off chart / Source: IRI Shopper Loyalty*

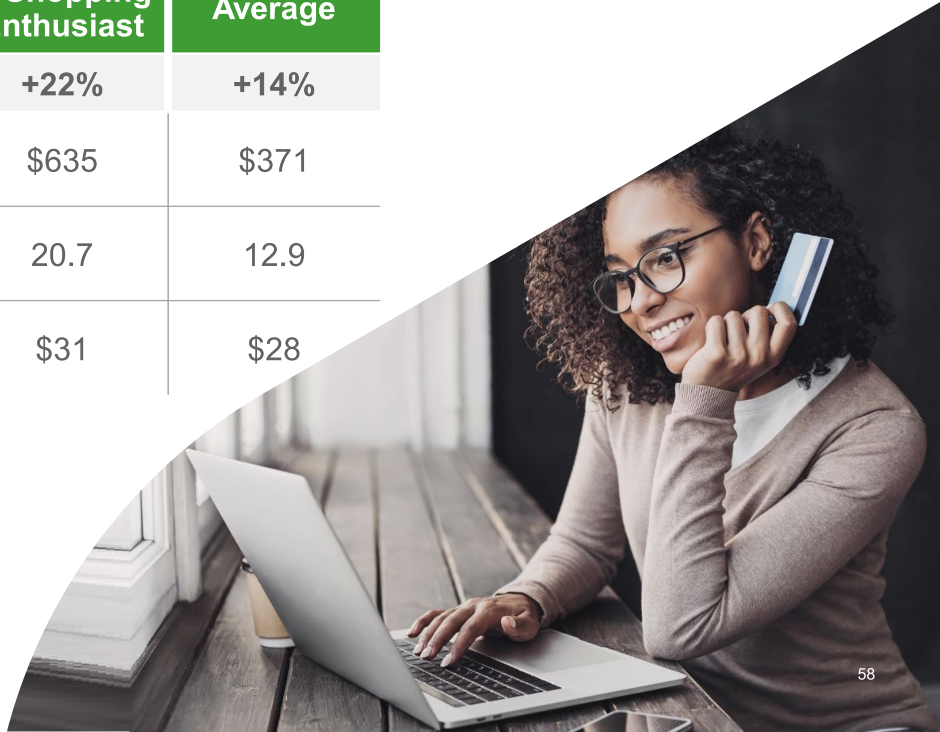
Another Consumer Segment to Consider Targeting is the E-Shopping Enthusiast Who Spend 70% More On COS vs. Average and Making 7 More Trips Each Year

E-Shopping Enthusiasts vs. All Households



Total COS

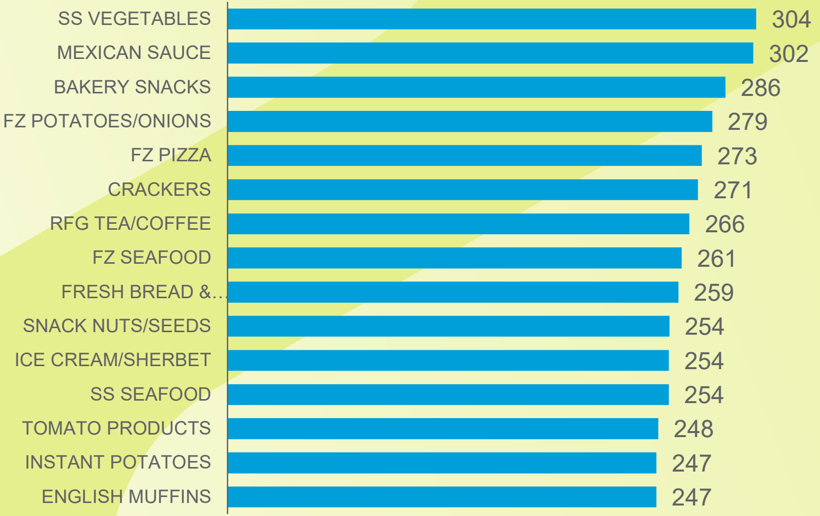
	E-Shopping Enthusiast	Average
	+22%	**+14%**
Annual $ Spend	$635	$371
Trip Frequency	20.7	12.9
Basket Size	$31	$28



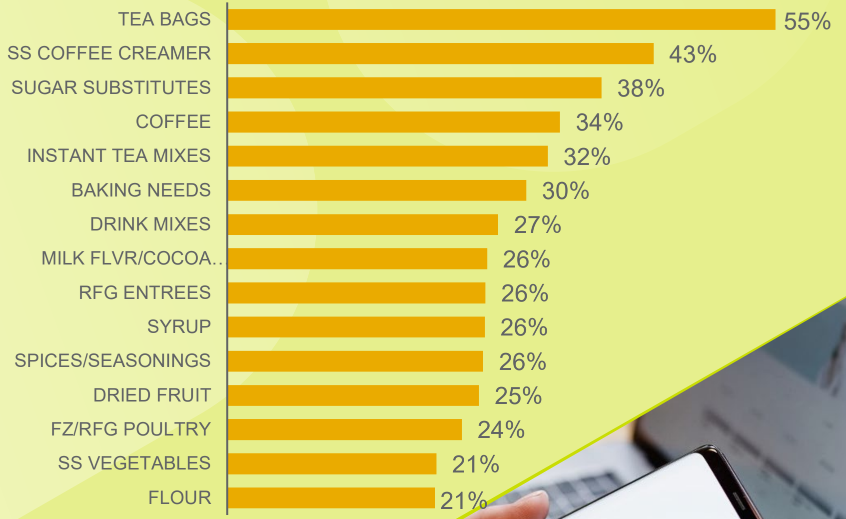
Source: IRI OmniConsumer Scan Panel Calendar Year 2021 E-ShopperLink Segmentation

E-Shopping Enthusiasts Skew More Towards Fresh / Frozen for Their Online Purchases Versus More Pantry Stocking Items for the General Population

E-Shopping Enthusiast – Highest Indexing Categories



All Households – Top COS Online Categories



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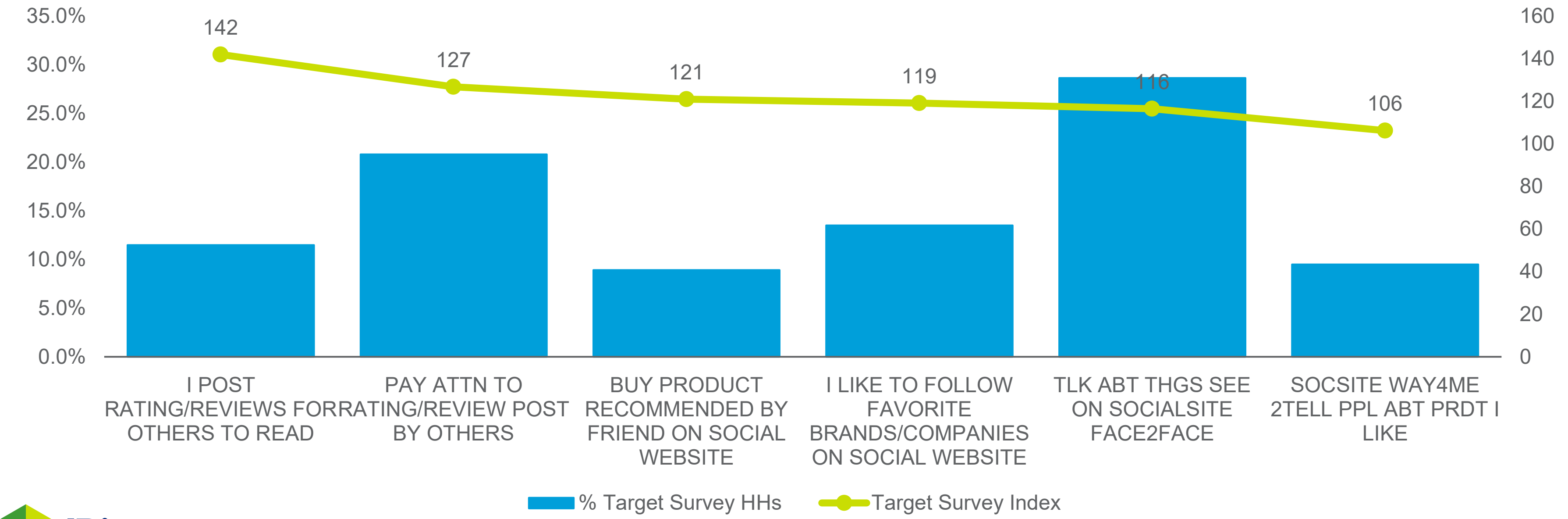
Source: IRI OmniConsumer Scan Panel CY 2021 E-ShopperLink Segmentation / IRI Omnimarket All Outlets View CY 2021

E-Shopping Enthusiasts Are Prime Targets for Online Brand Ambassadors: They Follow Favorite Brands, Are Actively Involved in Posting and Reading Reviews and Buy Products Recommended by Friends On Social Media

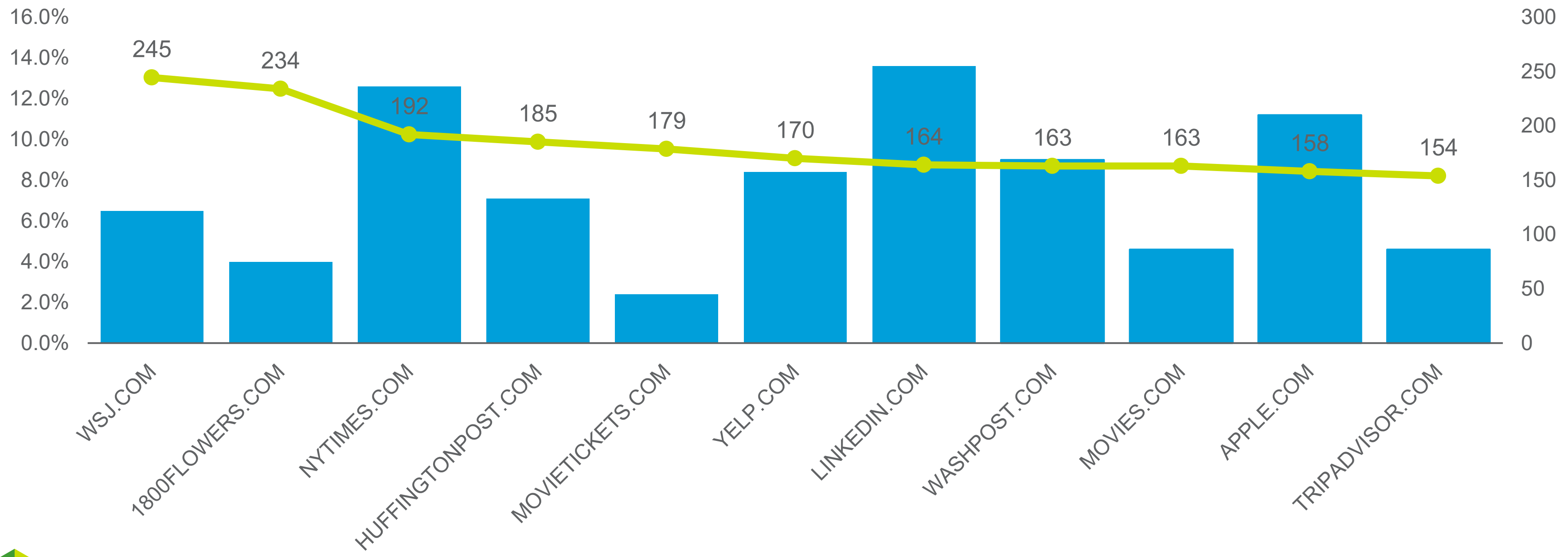
Influence eShopperLink – eShopping Enthusiasts Segment



Source: IRI ShopperSights 52 WE May-15-22

Target E-Shopping Enthusiasts On News, Travel and Entertainment Sites Where They Index High

eShopperLink – eShopping Enthusiasts Segment Websites Visited / Preferences



Source: IRI ShopperSights 52 WE May-15-22

Food and Beverage Products Providing Functional Benefits Are Continuing to Drive Sales

Essential Vitamins	Contains Choline	Immune Support Ranks	Contains Liver Support	Contains Metabolism Health Claims	Contains Cognitive Support Claims	Contains Stress & Mood Health Claims	Contains Fussiness & Gas Claims
271%	50%	14%	28%	21%	18%	8%	1%
Vitamin D and Essential Vits to boost your immune system	Brain health	Frequent colds, bruising easy, cough	Liver damage due to COVID-19	Energy	Brain health	Depression and fatigue	Diarrhea, gassy





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Source: IRI POS - COS– MULO+C - Label Insights - YTD Data Ending 05-15-22 vs. YAGO

If You Have a Product Geared Towards Consumers Focused on Health and Wellbeing, Then Target Proactive Prioritizers in IRI's Self Care Segmentation

These Consumers Are Increasing Their Spend on Diets That Align to Their Preferences

15% U.S.

PROACTIVE PRIORITIZERS

I AM PASSIONATE ABOUT…

Making the best lifestyle choices I can every day to help me stay strong and healthy, and easily handle whatever comes my way. I eat well and exercise. I take yoga classes. I meditate. I am super conscious about keeping my home clean. I even do mini spa treatments at home!

32% Age 18-34

22% HH Income: $100k+

21% Age 35-44

4 Person HH Size

Label Insights F&B Attributes	Index to All HHs	Dollar % Change
Vegan	131	0.7
Vegetarian	125	0.1
Macrobiotic Diet	125	2.1
Whole Grain	122	0.5
Plant Based Diet	120	2.0
Low Glycemic Diet	118	1.7
Ketogenic	117	1.9
Atkins Diet 40	115	1.5
Low Sugar Diet	114	1.6
Cholesterol Friendly Diet	114	1.7

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Source: IRI's Self Care Segmentation - Top 10 High Index Diets

There Are a Core Group of Consumers Who Seek Out Sustainably Marketed Products

Source: IRI POS - COS– MULO+C - Label Insights - YTD Data Ending 05-15-22 vs. YAGO

Today's Discussion

Innovation Continues to Feed Convenience, Tastes and Better-for-You Needs With a Shifted Focus to At-Home Occasions and Holistic Self-Care

Key Themes in CPG Innovation

	Before COVID-19	2020 – 2022+
Convenience	On-the go, ready-to-eat meals	Quick prep at-home meals, individual portions, easy cleaning
Indulgence and Taste	Affordable indulgence, restaurant quality	Premium experience at home, unique / strong flavors, variety
Better for You	Easy to understand ingredients, healthier indulgences	Functional benefits, plant based, sustainability

Convenience

Individual Portions, Quick Prep Meals

Easy Protein

Indulgence & Taste

Premium at-home

Unique Flavors

Better for You

Plant-Based, Sustainable Food and Beverage

Clean ingredients

Functional Nutrition

Today’s Discussion

Menu of Ideas For Your Consideration

01 Mobility Variances

02 Channel Journey

03 Winning Category Successes Spotlight

04 Economic Impact of Affordability

05 Consumer Targets

06 Innovation

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Menu of Ideas For Consideration

01 Mobility Variances

- Lean in to summer and fall occasions (including travel) with promotions catering to those entertaining at home and to those on-the-go
- Collaborate with retailers to identify creative ways to capture their consumers (e.g., outdoor fun with not only food but also grilling needs and/or picnic-type packages and/or Pizza Night but with two options: frozen for convenience and less mess and with bundles of products to make homemade pizzas fun and engaging)
- Seek ways to bundle for families of four priced less than food service and communicate

02 Channel Journey

- Execute strongly in-market (e.g., expand distribution and assortment, quality merchandising, promotions)
- Continue to identify ways to get one more trip and/or one more product in the basket/cart
- Cater to income cohorts (e.g., “takeout” options that rival restaurants at lower prices, package up Meal Kit ideas)
- Seek ways to expand bulk, multipack and club-pack assortments across the store
- As gas prices fluctuate, find ways to provide relief to consumers to drive to store or deliver at little/no cost. In addition, provide online packages to increase items sold in cart

03 Winning Category Successes Spotlight

- Engagement is key for success; work to find ways to target and interact with your key consumer cohorts via targeted social and digital media
- Leverage winning themes (e.g., in and out-of-home convenience, affordability, sustenance, etc.) and message consumers product benefits that align to their needs

Menu of Ideas For Consideration (continued)

04 Economic Impact of Affordability

- Retailers and manufacturers need to balance Own Brands and National Brands online and in-store to ensure category growth via assortment
- Attract new users or expand usage occasions via promotions across generations and other cohorts: e.g., Health and wellbeing, nutrition, taste
- Identify and promote small indulgences, higher quality entrées as a tradeoff for not dining out, at-home / on-the-go premium breakfast and meal ‘kit’ solutions
- Across income cohorts, target messaging with themes aligned to needs: Lower: hydration, cooking at home, sustenance, snacking lifestyles; Middle: entertaining, convenience cooking and snacking; High: premium convenience cooking and in home experiences (e.g., coffee)
- Lower income consumer communication should include ‘do it yourself’ ideas and promotions providing value (lower dollars spent and pleasing their families)

05 Consumer Targets

Identify the consumer cohort groups that deliver on your priorities. A few ideas include:

- Invest in advertising and emotive marketing to engage Gen Z with ideas that skew towards convenience, energy, ethnic, targeted sustainability messaging to those deemed important
- Prepare for future of reduction in households with kids via innovations for smaller households
- Target E-Shopping Enthusiasts as Center Store online brand ambassadors, IRI’s Proactive Prioritizers to drive Health & Wellbeing product sales growth, and sustainability-minded consumers with your portfolio’s practices

06 Innovation

- Focus on consumer centricity with convenience (in and out of home), taste and better-for-you

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C-Suite Conversation Series

18 conversations recorded to date with transcripts, video and audio content.

Industry-Leading Reports

45+ thought leadership reports published to date, reshaping how our client executives perceive us.

CPG Economic Indicators

The latest data on category trends, out-of-stocks, demand and supply, inflation, consumer sentiment and more.

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- Inflation Tracker™
- E-Commerce Demand Index
- Supply Index™
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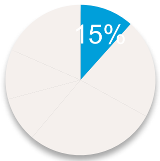
appendix

Meet the eShopping Enthusiasts Segment

Shop. Click. Repeat.



34

Median Age
Tend to be younger; Nearly one-quarter are 18-24 years

48%

Presence of Kids
More likely to have kids than all other eCommerce segments

30%

Race
Most racially diverse segment. Nearly one third are non-white.

$57K

Median Income
Their household incomes are in line with the overall population

14%

Household Size
14% Highest proportion of 5+ member households - and 42% have 3-4 members

18%

Ethnicity
Largest concentration of Hispanics are in this segment

ONLINE SHOPPING
- Most frequent online Grocery buyers
- Devoted shopping app users
- Mobile wallet users
- Skew to mobile or equal mobile/web use

ONLINE GROCERY DRIVERS
- Online coupons/promos
- Availability of brands/varieties I typically buy at brick & mortar stores
- Different brands than I can get at brick & mortar stores

ONLINE GROCERY ATTITUDES
- Less likely to make impulse purchases online
- More convenient to shop online
- Wants online retailers that carry a wide assortment of grocery products

FUTURE ONLINE PURCHASE INTENT
- Committed to buying online
- Strongest buying intent across CPG categories
- Especially likely to buy personal care, vitamins & supplements, beauty products, cleaning products

ONLINE RETAILER BUYING
- Biggest users of online grocery sites
- 3 out of 4 use Amazon for groceries
- 40% use online gourmet/healthy/natural food sites

*** For the purposes of this study, 'grocery' was defined as:** food and beverage, cosmetics/fragrances/beauty, vitamins and supplements, personal care/OTC, pet, paper, baby/infant products and household cleaners.

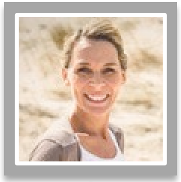
The eShopperLink Segment Overview

These 6 segments reflect an array of online shopping attitudes, drivers, shopping styles, and mobile usage that exist among the total US population.

MOST OPPORTUNITY → **LEAST OPPORTUNITY**

eShopping Enthusiasts

Young, Ethnically Diverse, Larger families, Avid Online Shoppers, Nutrition-focused, Review reader, Mobile focused, Mobile wallet users



Variety Seekers

Affluent, Smaller HHs, Frequent online grocery buyers, Looking for variety in brands/sizes/types of grocery products, Skew for gourmet and healthy/natural food retailers online

Review Seekers

Young, Families with kids, Hispanic skews, Moderate online grocery buyers, use retailer specific apps, Customer reviews drive purchasing, Unlikely to increase grocery buying online

Selective eShoppers

Middle aged, Vitamin/Beauty/ Personal Care products purchases online, but not most other CPG categories, Free shipping drives purchasing, unlikely to increase online grocery buying

eShopping Resistors

Younger, Most never buy groceries online, but they do sometimes buy other categories, Big users of coupon/deal apps, Don't see financial benefit of online shopping

eShopping Avoiders

Least affluent, Older, Single, Least racially diverse, rarely buy anything online, Don't see online shopping as easy or convenient, No intention of buying online more often

* **For the purposes of this study, 'grocery' was defined as:** food and beverage, cosmetics/fragrances/beauty, vitamins and supplements, personal care/OTC, pet, paper, baby/infant products and household cleaners.