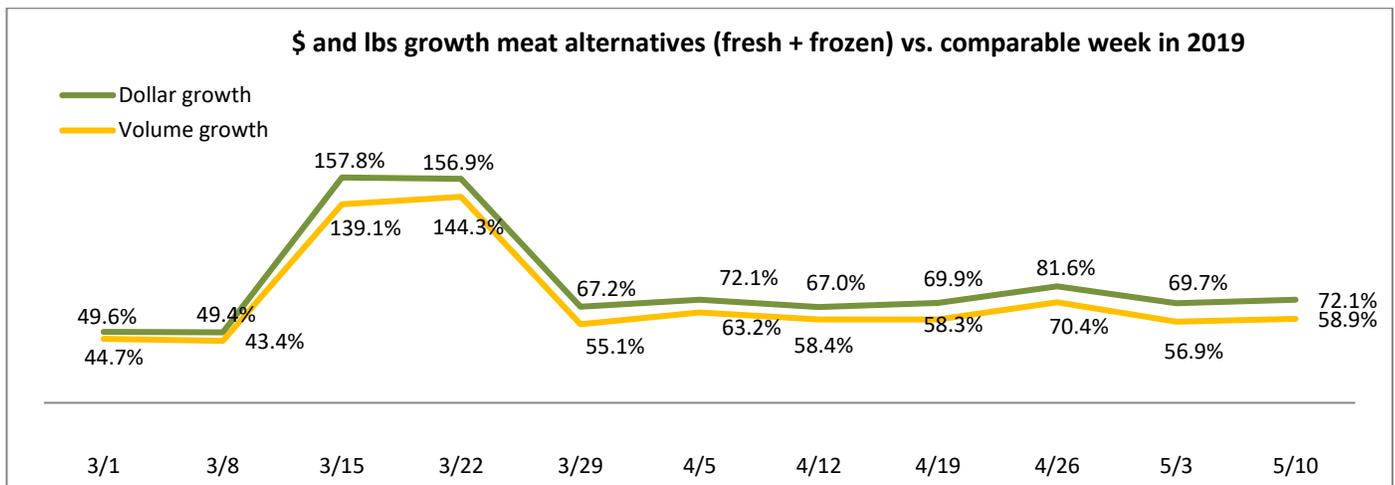


Meat Alternatives Have Seen High Gains, But Lost Share During Pandemic

More than two months into the COVID-19 pandemic, grocery patterns continue to evolve. Following two panic buying weeks, consumers are shifting to fewer but bigger trips and shopping at different times, buying different items and buying at different stores. The one constant throughout all this change has been the meat department's powerhouse performance since the onset of coronavirus in the U.S. But how have plant-based meat alternatives fared over the past 11 weeks? 210 Analytics and IRI partnered to understand the effect for frozen and fresh meat alternatives in dollars and volume throughout the pandemic.

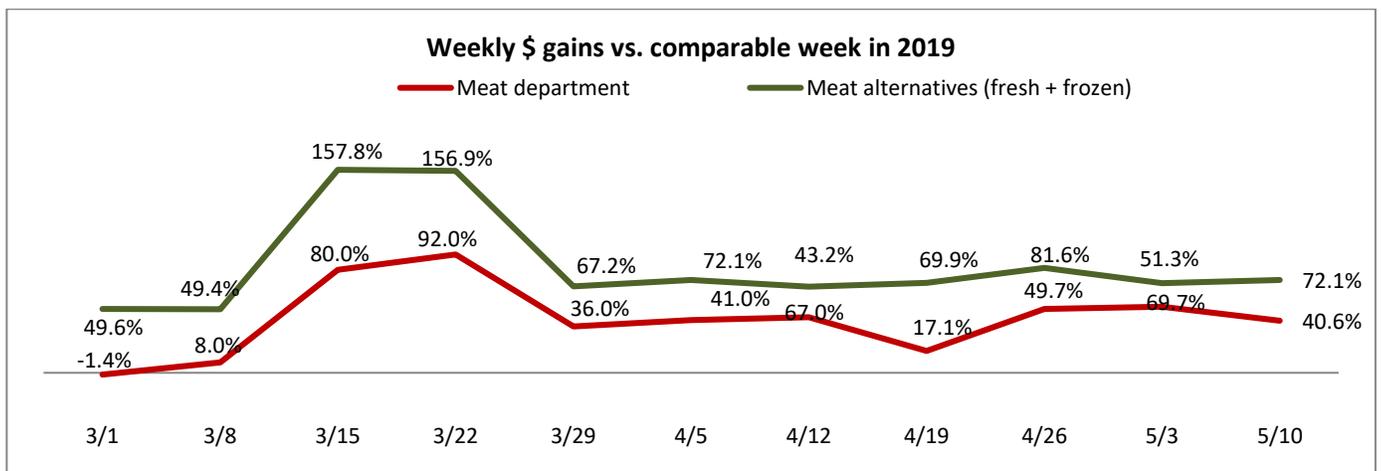
Dollar and Volume Sales

Meat alternative (fresh plus frozen) sales have seen tremendous gains throughout March, April and the first two weeks of May. Sales gains versus the same week in 2019 have been in the double-digits for 11 weeks running. Year-over-year sales gains peaked during the first of the two panic buying weeks with an increase of 157.8% versus the same week in 2019. Since, there have been small fluctuations, but sales gains have been around 70% ever since the last week of March. Volume sales have had a strong performance as well with gains peaking the second of the two panic weeks, at +144.3% versus the same week in 2019. Volume sales gains have trailed dollar gains since the onset of COVID-19 and the gap has widened in recent weeks. For the week ending May 10, the volume versus dollar gain gap stood at 13.2 percentage points — signaling inflationary pressure.



Source: IRI, MULO, 1 week % growth versus year ago

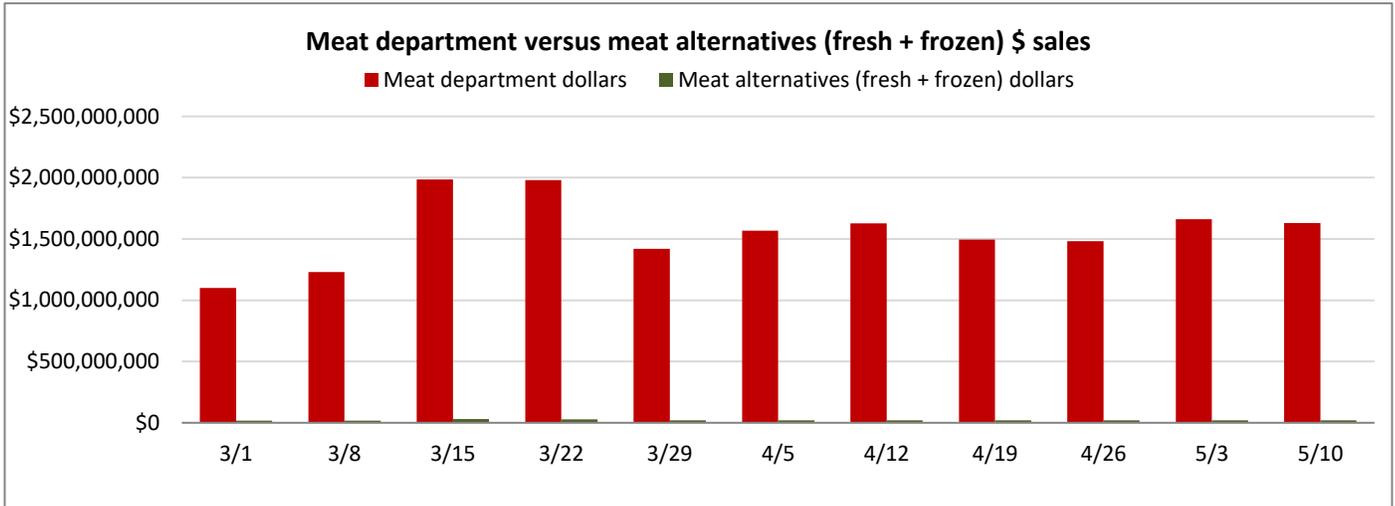
Meat and meat alternative sales growth patterns over the past two months look very similar, with gains in plant-based meat alternatives exceeding those of the meat department each week. However, to fully understand the story behind the percentages, it is crucially important to look at the size of the market.



Source: IRI, MULO, 1 week % growth versus year ago

Meat Versus Meat Alternative Sales Throughout the Pandemic

Despite robust sales gains each week, meat alternative dollar sales are a fraction of meat department sales. This means percentage gains are based on very different sales numbers and reflect very different absolute dollar gains.



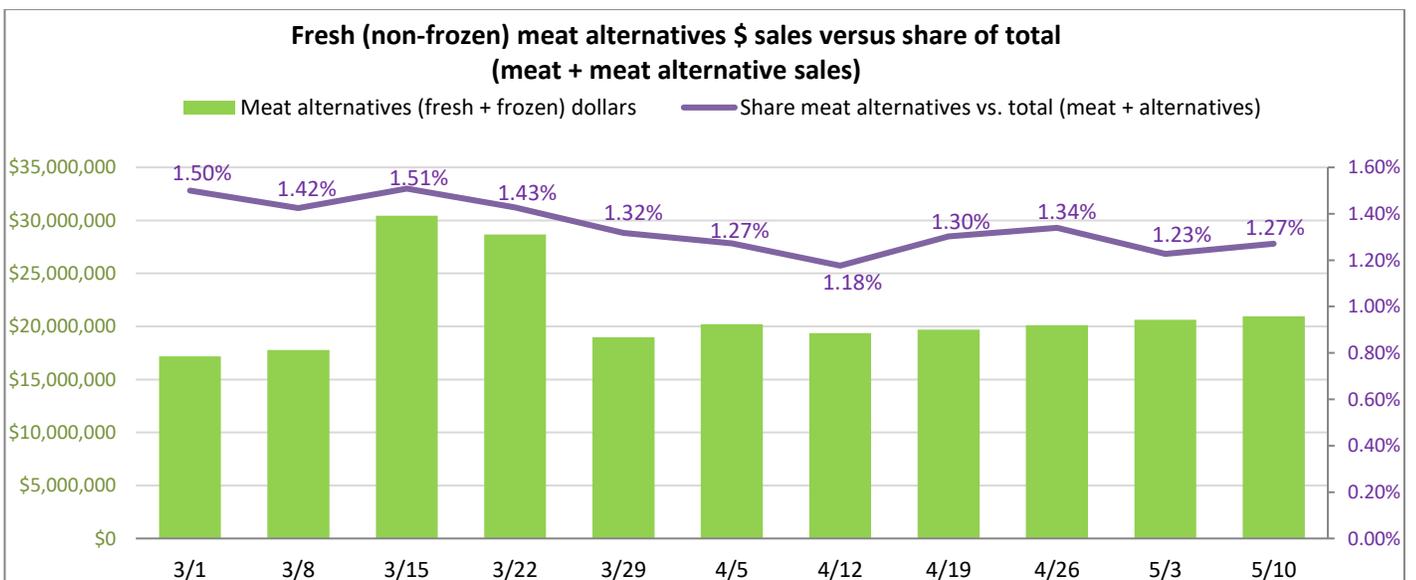
Source: IRI, MULO, 1 week dollar sales

Since the onset of the pandemic-related changes in grocery patterns, the meat department has seen an additional \$5.0 billion in sales, versus an additional \$100.3 million for plant-based meat alternatives.

Pandemic period (March 8-May 10)	Dollar growth %	Absolute dollar gains	Volume growth %	Absolute lbs gains
Meat department	+45.2%	\$5.0 billion	+27.8%	1.1 billion
Plant-based meat alternatives (fresh plus frozen)	+86.0%	\$100.3 million	+58.9%	13.3 million

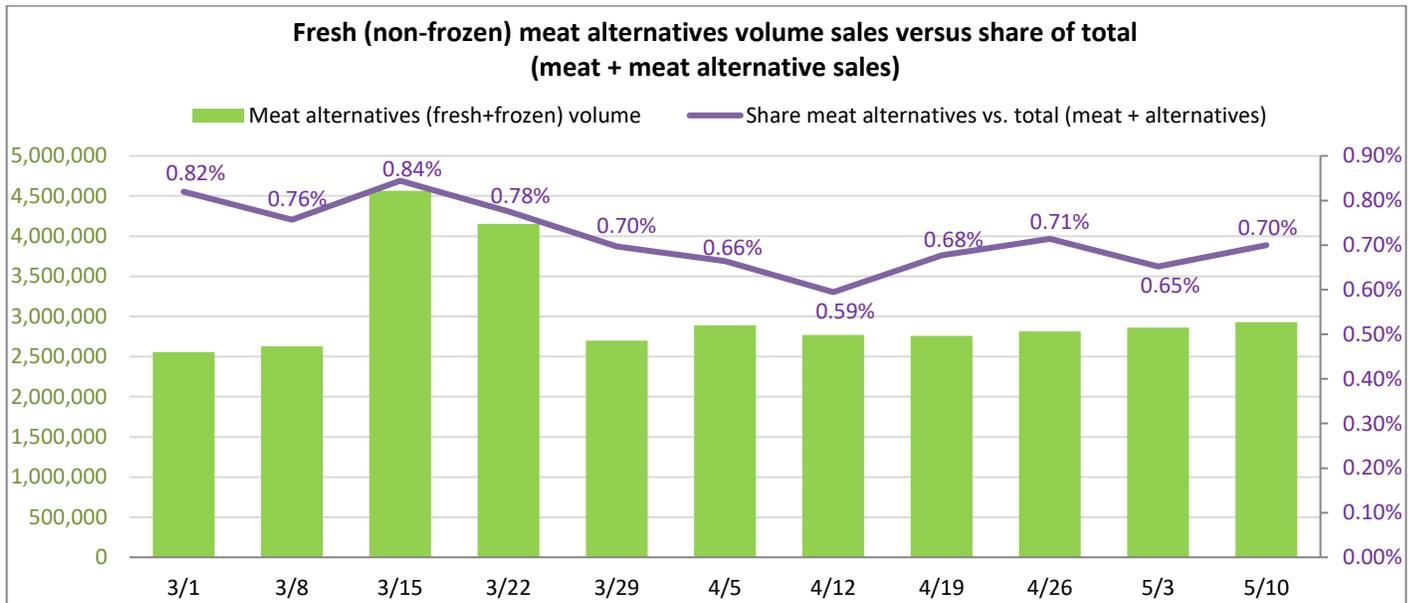
Source: IRI, MULO, nine week dollar and pound growth

As a percentage of the total (meat department plus plant-based meat alternative sales), the share for plant-based alternatives stood at 1.50% during March 1. Because of the absolute gains in meat dollars, the market share for plant-based alternatives has since dropped to a low of 1.18% during the week of April 12 and stood at 1.27% the week ending May 10.



Source: IRI, MULO, 1 week \$ sales and market share

The volume share for meat alternatives shows a similar pattern. Despite percentage gains being higher, the absolute gains in pounds for meat versus meat alternatives caused the share to drop during the pandemic. Meat alternatives presented 0.82% of total sales the first week of March and dropped to a low of 0.59% the week of April 12. The share for the week of May 10 stood at 0.70%.



Source: IRI, MULO, 1 week lbs sales and lbs share

Assortment

Whereas the tightness in the meat supply has caused a drop in the average number of items carried per store — some weeks upwards of 40 fewer items — meat alternative assortment has stayed very stable throughout the pandemic. During the first week of March, plant-based meat alternatives represented 9.9% of the total number of items (combined average counts for meat and meat alternatives per store selling), while representing 1.5% of sales. During the week ending May 10, plant-based alternatives represented 10.8% of the total number of items, while representing 1.27% of sales.

Avg. weekly items per store selling	3/1	3/8	3/15	3/22	3/29	4/5	4/12	4/19	4/26	5/3	5/10
Meat alternatives	36.8	36.8	41.7	40.1	36.0	37.2	36.8	36.6	36.6	36.8	36.8
Meat	334.7	334.0	353.2	329.8	307.6	318.1	318.0	313.6	309.6	309.2	302.5

Source: IRI, Total US, MULO, average weekly items per store selling

What's next?

These past nine weeks have shown tremendous strength for plant-based meat alternative sales, even if its overall share versus meat dropped slightly. The coming two weeks are critical in the process of establishing what the next several months will look like. Nearly all U.S. states have started to partially re-open or have plans to do so. The relaxation of these stay-at-home executive orders looks different from state to state and encompasses everything from the partial re-opening of dine-in restaurants to the opening of hair salons and gyms to merely shifting from stay-at-home to safer-at-home. As states begin to enter their various re-opening phases, the economic and social readiness of consumers to re-engage with foodservice will become clearer. For the foreseeable future, it is likely that grocery retailing will continue to capture an above-average share of the food dollar.

Please recognize the continued dedication of the entire grocery supply chain.