pork INSIGHT TO ACTION

GENERATIONAL SHIFTS

Younger generations shop and buy differently.
We must adapt, but how?

DINNER AT HOME IN AMERICA pork

Volumes have been written on their wishes and desires, behaviors and attitudes. Mobile-first. Experiences over things. The "on-demand" economy. Behold, the Millennials!

They've arrived. At 75 million strong, they're in government, running companies and heading households. Last year, Millennials – who span in age from their mid-20s to mid- to late-30s – eclipsed Baby Boomers in consumer buying power.[1] If you haven't adapted your business model to account for Millennials yet, it's probably too late.

Between Millennials and Gen Z – which currently includes newer grocery shoppers and grocery influencers, with the oldest now into their early 20s – it is evident that no matter the industry, adapting to younger generations is critical for survival.

What does that mean for the pork industry? With the exception of bacon, belly and a few other trends, the outlook isn't promising. In general, the younger the shopper, the less they love pork. Disparity also exists within these groups, where 72 percent of Millennial households with kids purchase pork, compared to only 59 percent of Millennial households without kids. And as Millennials continue to become parents, that trend could amplify. If parents don't eat pork, they're unlikely to introduce it to their kids.

How can the industry reverse this trend among the younger generations? How do we increase relevance today?

The answer lies in understanding generational shifts – not just in relation to pork consumption, but in regard to the entire food industry. Taking a step back and looking at the macro trends at play, we see it's not simply a matter of appealing to Millennials. The consumer landscape is shifting, and retail, foodservice and consumer meat consumption trends are all changing with it. This landscape includes everything from the unique financial pressures younger generations face to their historic demographics – at 44 percent minority, Millennials are the most diverse adult generation in American history.[2]

In addition, their digital behaviors today provide a preview of the industry's digital future. For example, while online is not yet a primary way that meat is purchased, younger generations are more likely to have bought meat online than are older generations. Other digital behaviors, such as how social media can inspire shopping decisions, demonstrate the importance of meeting younger shoppers where they are.

In an attempt to remain relevant, many companies take a tactical approach through apps, new offerings and social media campaigns. For these approaches to work, the broader landscape must be better understood. What are the cultural, societal and financial aspects shaping younger generations, and how do their actions impact older generations?

In National Pork Board's Insight to Action research, we identified four broad factors that influence consumer lifestyles and food choices:

- The Value Proposition
- Transparency
- Parenting
- Convenience

By understanding and focusing on what younger consumers want and adapting our approach, we can better position the future of pork, the other animal proteins, and retail and foodservice in general.

DEFINING GENERATIONS

Our pork usage and affinity data are based on receipts and surveys of adults 18 and older in 2018. As a result, our Gen Z data skews older than average. For purposes of this report, generations are defined as the following ages in 2018:

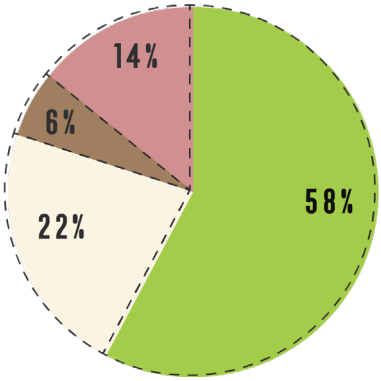
- **GEN Z: AGES 18 TO 24**
- **MILLENNIALS: AGES 25 TO 34**
- **GEN X: AGES 35 TO 54**
- **BOOMERS: AGE 55 AND OLDER**

MILLENNIALS ARE MULTICULTURAL

With 44 percent of their age demographic identified as "non-white," Millennials are the most diverse adult generation in American history.[3] Hispanics are significantly influencing the habits of this group, making up 22 percent of Millennials.[4]

U.S. MILLENNIAL COMPOSITION BY ETHNICITY

- African-American
- Asian-American
- Hispanic
- Non-Hispanic White

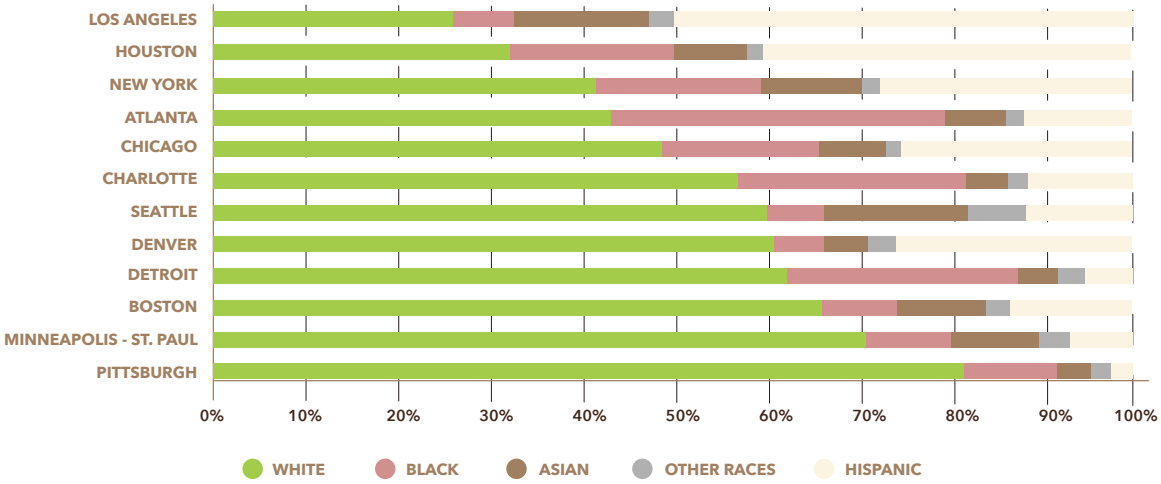


Source: Nielsen Pop Facts 2016

In cities like Los Angeles and Houston, non-Hispanic whites are in the minority of Millennials, while Hispanics are the majority. In Pacific coast cities, such as San Francisco, San Jose, Calif., and Seattle, Asian Millennials are emerging as significant minorities. Meanwhile in Atlanta, the Black community is nearing the majority.[5]

MILLENNIAL RACE-ETHNIC MAKEUP IN SELECTED METROPOLITAN AREAS

2015



THE VALUE PROPOSITION: TAILORING OFFERS TO CONSUMER PREFERENCE

All shoppers love a deal, but younger shoppers – growing up in the age of Groupon, Amazon Prime and mobile commerce – have come to expect it. No discounts? No free shipping? No clicks, no purchases! While the rise in e-commerce is a large factor in these trends, the financial realities of younger generations can't be ignored.

Millennials are heavily burdened with debt, carrying more than $1 trillion in student loans alone.[6] Nearly half (46 percent) carry a balance on their credit cards.[7] And to add to their financial crunch, Millennials earn 20 percent less than Boomers did at the same stage of life.[8]

As a result, these shoppers are budget-conscious and sensitive to food prices. Younger shoppers are likely to look to sales, coupons and loyalty discounts when buying food.

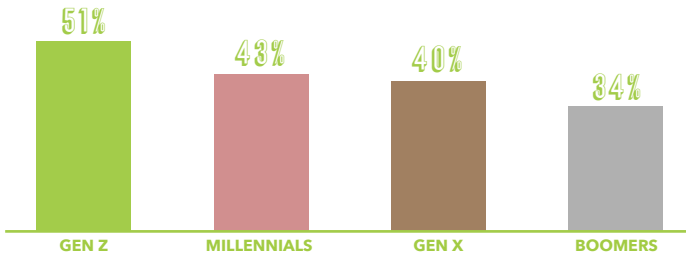
But, convenience still reigns supreme. Although younger shoppers want a deal, they're only willing to go so far to get it. For example, our research found that Gen Z respondents are less likely than other generations to shop multiple grocery stores looking for lower prices.

That's why deals offered through social media are especially popular among younger shoppers.[9] Both Gen Z and Millennial shoppers are much more likely to respond to social media deals, text specials, digital circulars and store apps than older shoppers.[10] And like older shoppers, younger shoppers also are likely to respond to in-store promotions, too. Meat sales promotions prompt shoppers to purchase unplanned items and stock up.[11]

Shoppers who rely heavily on social media for inspiration, however, are also more likely to buy meat one meal at a time; in fact, 30 percent of younger shoppers buy for one meal at a time compared to 23 percent of shoppers overall.[12]

PRICE MOTIVATES PORK PURCHASES

"IT FIT MY BUDGET"



Base: Total Respondents (Gen Z: n=529; Millennials: n= 2,530; Gen X: n=4,299; Boomers: n=3,757)
M1 Q19: Usage motivators – "had a big influence," table 168

OPPORTUNITIES

RETAILERS

- Leverage social and mobile tactics to bring younger consumers in-store.
- Offer ready-to-eat and hot bar items featuring budget-friendly ingredients, like pork. More ethnic foods should be considered to cater to the diverse tastes of this diverse group.
- Offer deals on in-store cooking classes or demos to help younger shoppers learn how to prepare their favorite dishes featuring pork.

PACKERS

- Offer smaller portions and pre-seasoned cuts tailored to younger shoppers' tastes, budgets and their tendency to buy meat for one meal at a time.

Because younger shoppers already view pork as a budget-friendly protein, retailers and packers should play into their collective desire for new and authentic experiences, and reinforce how pork is a key ingredient in the multicultural dishes they already enjoy. Social and mobile promotions for ready-to-eat meals and hot bar items featuring pork can entice younger generations in-store, and inexpensive cooking classes or free demos can encourage younger shoppers to try making their own meals featuring pork.

FOCUS ON FOOD TRANSPARENCY

In the Information Age, consumers have never been more informed about the origins of everything they eat than they are now. Among younger consumers, sentiments around food transparency align with notions of health.

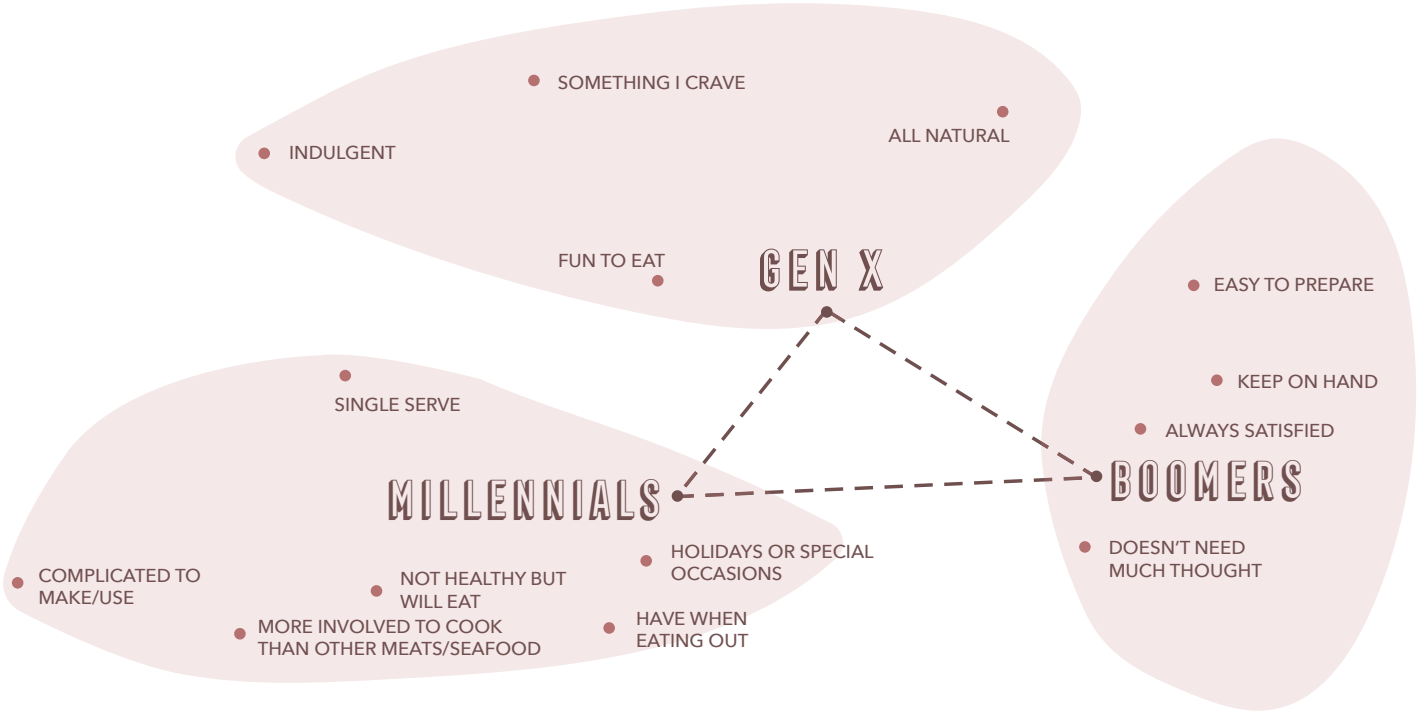
Shoppers want meat products that are "better for me" and "better for the planet."[13] They're especially interested in meats that are "organic" or "natural,"[14] and they are interested in learning more about the food they eat and how it got to their plate.[15] Sustainability is a particular priority among Millennial shoppers.[16]

So when it comes time to purchase, they are primed to buy items that reflect their values.

When buying meat and poultry, two-thirds of all shoppers look for "better-for-me" options.[17] Consumers rank "antibiotic free," "clean label," "hormone free" and "food transparency" as the top four attributes that are "important and they're willing to pay more for." Interestingly, Boomers are more likely than average (30 percent versus 28 percent) to rank food transparency as something that's important and they're willing to pay more for.

Unfortunately, pork, like many meats, suffers from a negative halo regarding food transparency and health. These perceptions are likely behind the 10 percent of shoppers who classify themselves as "flextarian," which means they're mostly vegetarian with some animal proteins consumed.[18] This attitude is especially prevalent among younger shoppers. In fact, younger consumers see meat as less healthy than older consumers.

OVERALL MEAT PERCEPTIONS BY GENERATION

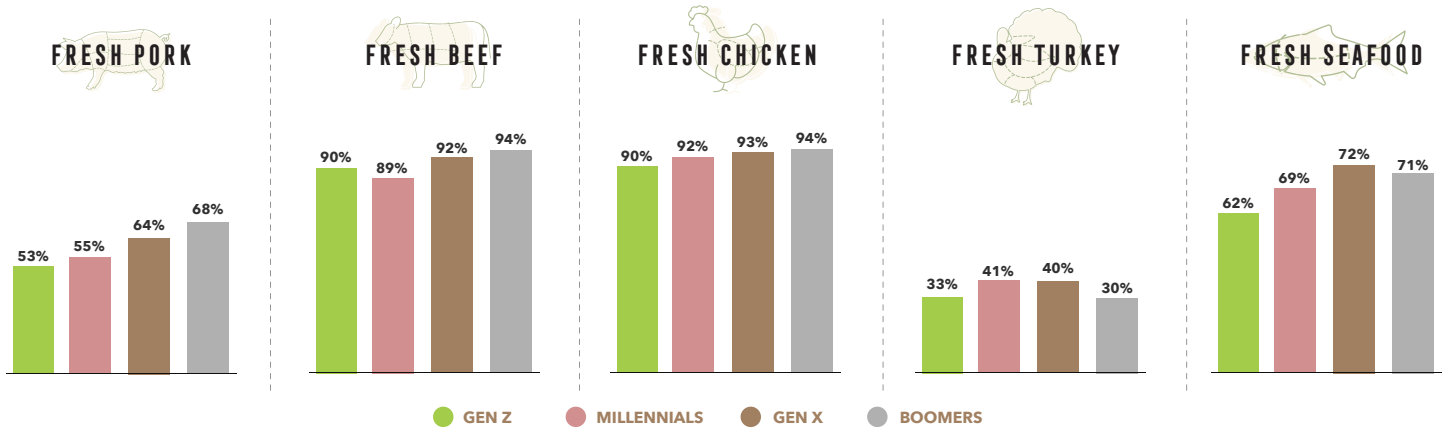


Base: Have tried meat cut and evaluated at M3 Q3 (base sizes vary)
M3 Q3: Which of the following types of meat/seafood does this statement apply to?

FOCUS ON FOOD TRANSPARENCY

ALL FRESH MEATS LAG AMONG YOUNGER GENERATIONS

"IN-HOME" MEAT EATING INCIDENCE (% PAST 2 WEEKS)



Base: Has eaten any meat in home in the past 2 weeks (Gen Z: n=529; Millennials: n=2,530; Gen X: n=4,299; Boomers: n=3,757)
M1 Q5a-e: Please select the types of "meat" that you, personally, have eaten at home in the past 2 weeks.

These perceptions are likely why younger consumers eat less fresh meat overall. One exception: Millennial Asians. Although they make up a small percentage of all Millennials, they overindex on fresh pork consumption.

Although young shoppers want to eat healthy, they also like to indulge on occasion. For example, Millennials and Gen Zers are more likely than Gen Xers and Boomers to have the attitude that "I can eat whatever I want, and I don't have to worry about my weight or health." They also are more likely than older generations to say fresh pork "isn't healthy, but I will eat it anyway."

Although processed pork benefits from these attitudes today – 55 percent of Gen Z and Millennials say they "love eating bacon," significantly higher than all other pork cuts – long-term, pork's negative health perceptions will continue to bring down pork consumption as these younger generations age. To turn the tide, we need to do a better job of educating younger consumers that fresh pork is a safe, nutritious and sustainable protein that they can feel good about eating.[19]

OPPORTUNITIES

RETAILERS

- Promote innovative recipes that align pork with trendy health ingredients, such as rubbing ribs with turmeric and cayenne.
- Include in-store and digital messaging around pork's health attributes, especially its high-protein and low-fat attributes.
- Include in-store and digital messaging around pork's farm-to-fork story, highlighting local farms or sustainable practices.

PACKERS

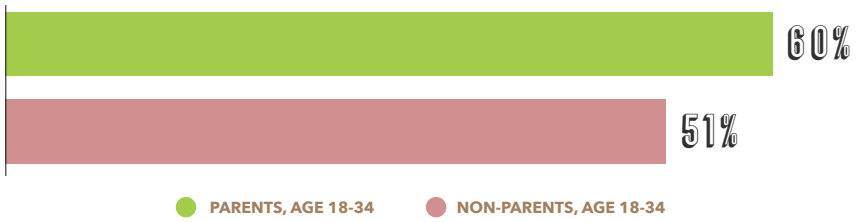
- Focus on pork's nutrition and protein profile on-pack.
- Include on-pack messaging around transparency and the farm-to-fork story.

PARENTS SEE PORK'S POTENTIAL

The importance of attracting younger shoppers to buy and eat pork at home more often is clear: the less often younger shoppers buy and eat pork at home, the less often their children will eat pork – not a great scenario for our industry's future.

There is an opportunity to change the meat consumption habits of younger shoppers, especially as they begin having children. That's because, whether it's a Millennial household or otherwise, those with kids at home are more likely to buy fresh pork than those with no kids at home.

PARENTS EAT MORE FRESH PORK AT HOME



Base: Has eaten any meat in home in the past 2 weeks (Millennials: n=2,681; Gen X: n=3,894; Baby Boomers: n=3,588)
M1 Q5a-e: Please select the types of "meat" that you, personally, have eaten at home in the past 2 weeks.

Gen Zers and Millennials with kids are also more likely to see themselves eating more pork in the future than Gen Zers and Millennials without kids, especially bacon (41 percent versus 34 percent), pork chops (27 percent versus 22 percent) and sliced deli ham (26 percent versus 20 percent).

Looking at their total shopping baskets, those with kids tend to buy more fresh foods and ingredients to make home-cooked meals, such as fresh and frozen chicken, fruits and vegetables, and cheese, compared to those without kids. The baskets of shoppers without kids tend to include fewer ingredients for meal prep, and instead skew toward non-dairy milk alternatives, nutrition bars, energy drinks and coffee, as well as fruits and vegetables.

This tendency may explain one of the reasons why pork has been slow to catch on among younger generations: Millennials are getting married and having children later in life.[20 21] There simply aren't as many Millennial households with kids as might be expected based on social patterns from older generations,[22] and they're taking longer to leave their parents' homes.[23]

The Millennial trend to leave the nest later may actually help us bridge the affinity gap among the generations. A record 20 percent of the U.S. population lived with multiple generations under one roof in 2016.[24] We need to find ways to help older consumers pass on their love of pork to younger consumers while they still live in the same house – perhaps through new pork recipes, pork that is already marinated or spiced, and other innovations.

It's also an opportunity to bridge between cultures and generations. Hispanic Millennials are ahead of the non-Hispanic Millennial curve when it comes to parenthood. They are having kids at a younger age than the non-Hispanic Millennial average. Non-white Millennials' average age for first-time births is 27 years old, while Latino Millennials' average for first-time births is 24 years old.[25]

Moreover, one-third of Hispanic Millennial moms have three or more children versus about one-quarter of non-Hispanic Millennial moms.[26]

This is a great opportunity for pork because Hispanic parents have a desire to pass down their cultural heritage to their children,[27] which can mean passing down the cultural connection to pork – if we have the right options for them.

OPPORTUNITIES

RETAILERS

- Bring Millennial-friendly meal solutions in-store – such as meal kits – that help them save time and not have to think too hard about what to cook or how to cook it.
- Incorporate bacon and other kid-friendly cuts into prepared meals at retail.

PACKERS

- Offer smaller portion sizes for Millennials without kids and those with very young children.
- Create pre-sauced and pre-seasoned pork cuts as part of entire meal solutions, including Hispanic seasoning blends.
- Include ideas for side dishes (to make a complete meal).

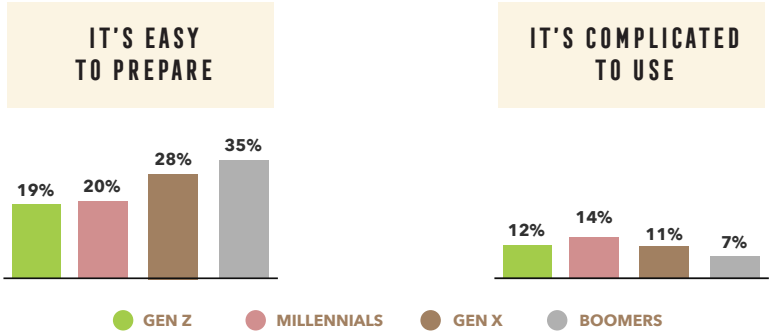
CONVENIENCE IS KEY

Convenience is important among all shoppers, but exactly how the generations define convenience varies.

Shoppers tend to buy meat that is a "quick and easy" meal or a "go-to" food they want to have "on-hand." Younger consumers who buy meat are more likely than older generations to buy it for these reasons.

Unfortunately, it's relatively rare that shoppers see fresh pork as quick and easy to prepare, especially younger shoppers. Younger generations aren't comfortable with preparing fresh pork and, compared to other generations, may think that it's "complicated" to make. One notable exception to this trend is ground pork, which overindexes among Millennials – likely due to its ease of use.

FRESH PORK AND CONVENIENCE



Base: Have tried meat cut and evaluated at M3 Q3 (base sizes vary)
M3 Q3: Which of the following types of meat/seafood does this statement apply to? Table 480

To help younger shoppers become more comfortable cooking with fresh pork, we need to adapt our strategies to better meet their needs and expectations. Social and mobile marketing initiatives are must-haves to bring younger shoppers in-store or entice them to try pork dishes. As mentioned earlier, cooking demos or cooking classes offered in-store – and promoted through social and mobile – can bring younger shoppers in-store. Recipes featuring Instant Pots also offer potential, as the devices are more popular among Gen Z and Millennials than older generations, and they enable users to cook meat from its frozen state in very little time.[28]

Younger shoppers are more likely than older generations to buy meat in places other than a grocery store. Although still a small percentage of overall meat sales, more and more consumers – especially younger ones – are shopping online, such as ordering meal kits.[29]

To cater to younger shoppers and their expectations for convenient dining options, ready-to-eat meals and fully cooked, heat-and-eat meals are key.[30] Younger shoppers also like meats that come in single-sized servings.[31]

By making fresh pork easier to buy and by showing that it is easy to cook, we can nudge younger shoppers to view pork as an "easy solution" for their meal needs.

OPPORTUNITIES

RETAILERS

- Promote ways to make it easier to prepare pork or offer in-store cooking classes or demos.
- Offer snacks that appeal to younger generations, such as charcuterie plates (fancy or kid-friendly), on-the-go snacks and homemade pizzas.
- Offer in-app or online recipes that feature pork, and provide guided how-tos (potentially through local chefs or influencers) to help younger generations learn how to cook fresh meats.

PACKERS

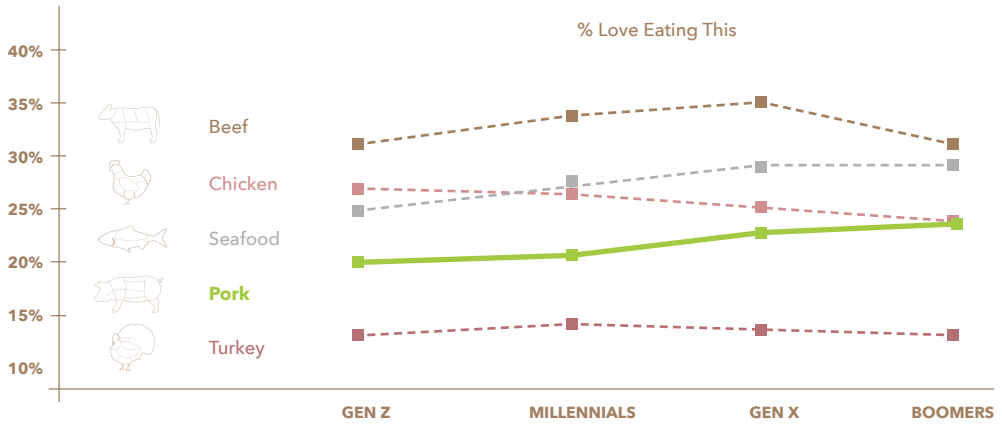
- Routines play an important role for all generations – find cuts, such as pre-sliced or ground pork, that can replace a routine protein in recipes.
- Offer meal kits, pre-cooked meat and single-serving portion sizes.
- Promote cooking methods on-pack, such as Instant Pot, as an easy way to prepare pork.

LOOKING AHEAD

There is a lot to feel positive about when it comes to pork's future.

For example, it is encouraging that younger shoppers say they plan to eat more of many cuts of pork, including bacon, chops, sausage, tenderloin and pork roast.
But the current situation is alarming: when it comes to everyday eating habits, the younger the shopper, the less likely they are to have recently eaten pork. And their affinity for pork points to a troubling future for pork consumption.

FRESH PORK LESS POPULAR AMONG YOUNGER GENERATIONS



Base: Total Respondents (Gen Z: n=529; Millennials: n=2,530; Gen X: n=4,299; Boomers: n=3,757)
(percentages shown are the averages of fresh meat cuts)
M3 Q1: For each of the following types of meat or seafood, please indicate your feeling toward this type of meat or seafood.

Although there are some particular types of pork that are more popular among Millennials than other generations, such as pepperoni, pulled pork, ground pork and pork bellies, these cuts are more the exception than the rule. And as we'll explore in our upcoming report on consumers' habits when dining out, many of these cuts may appear on menus, but not in consumers' refrigerators.

To turn the tide, we need to appeal to younger shoppers' behaviors and expectations: pork has to be marketed through mobile, it has to feel healthy and sustainable, it has to appeal to both parents and kids, and it has to be easy.

These must-haves aren't insurmountable. Pork can rise to these opportunities – but not without realignment and innovation.

If we do nothing and fail to build the love for pork among younger generations, the consequences could extend for years. By adjusting to emerging generations and their preferences today, we can increase relevance now and in the future.

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RESEARCH METHODOLOGY

- Three 15-minute modular online surveys were fielded between March 27 and April 29, 2018 and again between August 10 and September 20, 2018.
  - In the first fielding of the surveys, 10,163 interviews were collected among panelists in Numerator's InfoScout Omnipanel. These surveys were fielded in English-only.
  - In the second field period, an additional 952 interviews were collected among panelists from Offerwise's U.S. Hispanic panel. These surveys were fielded in both English and Spanish, and all of the respondents identified as Hispanic/Latino.
- The total ending sample size is 11,115 U.S. meat consumers including:
  - 9,086 Non-Hispanic, and
  - 2,029 Hispanic
- In order to participate in this research, all respondents were required to meet the following criteria:
  - Males/Females age 18+ residing in the U.S.
  - Personally eats meat
  - Has at least some influence in buying or preparing food for the household
- The subject of each modular survey was:
  - Module 1 Survey: in-home meat consumption
  - Module 2 Survey: out-of-home meat consumption
  - Module 3 Survey: personal attitudes about meat; personal food/health/nutrition attitudes; and awareness/engagement in contemporary food, diet and nutrition trends
- Certain data (such as demographic measures) were obtained from InfoScout's or Offerwise's panelist profiling databases; all other data was obtained through the surveys, except for retail spending on meat (Module 1) which was obtained using InfoScout's receipt database.
  - While consumers may have purchased/eaten multiple meats, they were assigned one meat to evaluate for the occasion-based questions based on recency:
    - For Module 1, they evaluated the meat they have eaten most recently at home in the past two weeks.
    - For Module 2, they evaluated the meat they have eaten most recently away from home in the past month.