

The Evolving U.S. Food Marketplace: Implications for Norwegian Seafood

March 16, 2019

SEAFROM
FROM NORWAY
NOD

Today's Discussion: What's Driving the Food Industry

WHO is today's food consumer?

WHAT matters when making food decisions?

WHERE are they eating?

WHEN are they eating?

HOW will this impact Norwegian seafood?

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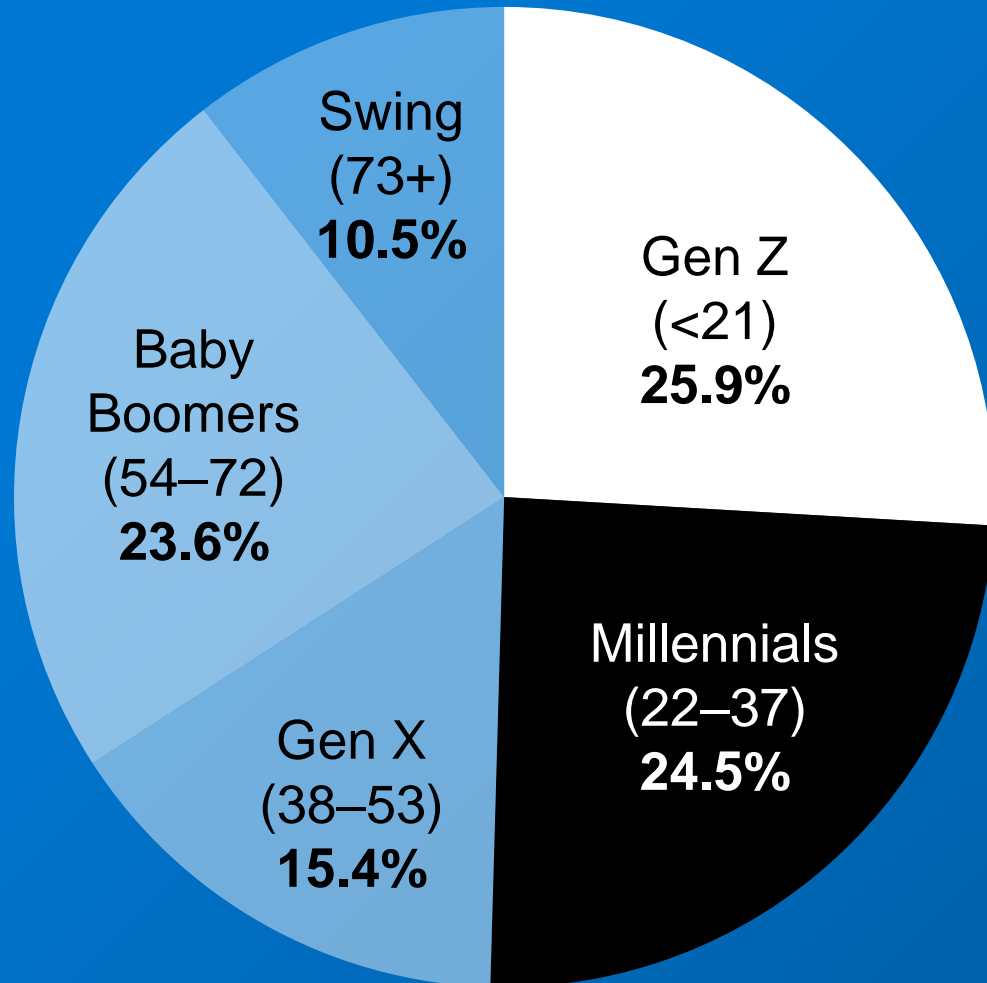
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A Shifting Landscape of Food Consumers

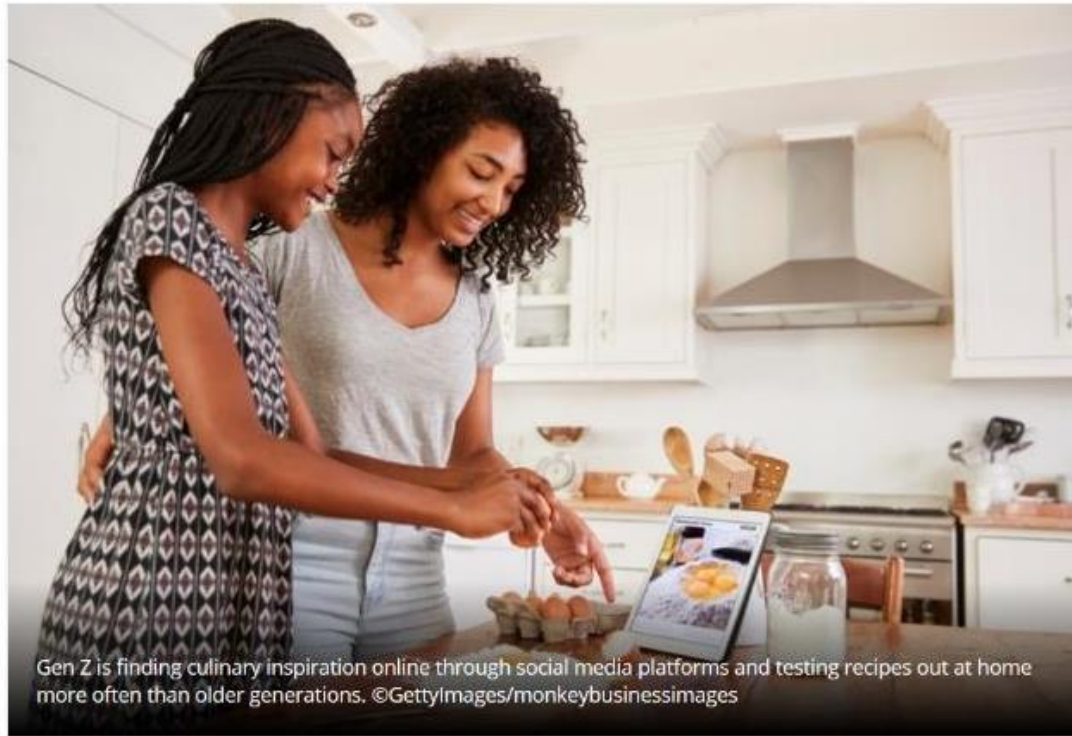


The Torch Has Been Passed

Move over millennials, Gen Z is now shaping the food and beverage landscape

By Mary Ellen Shoup

17-Jul-2018 - Last updated on 17-Jul-2018 at 12:54 GMT



Gen Z is finding culinary inspiration online through social media platforms and testing recipes out at home more often than older generations. ©GettyImages/monkeybusinessimages

120 hours a year looking at food Instagram photos

70 percent won't go to a restaurant if their Instagram feed is "weak"

Gen Z: Most Diverse and Most Values-Based Generation

Will be largest purchasing cohort by 2025

BRAND VALUES MATTER



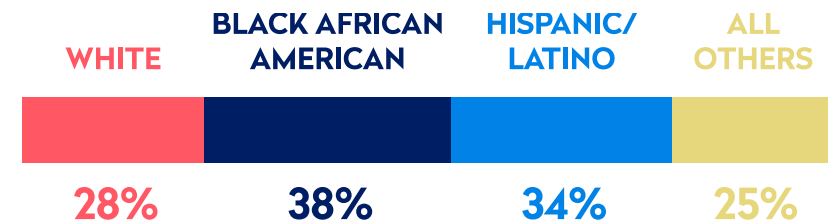
Always/often buy a product or service
“Based solely because you believe that brand’s
values and you want to support them.”

67%

Do this at least
some of the time

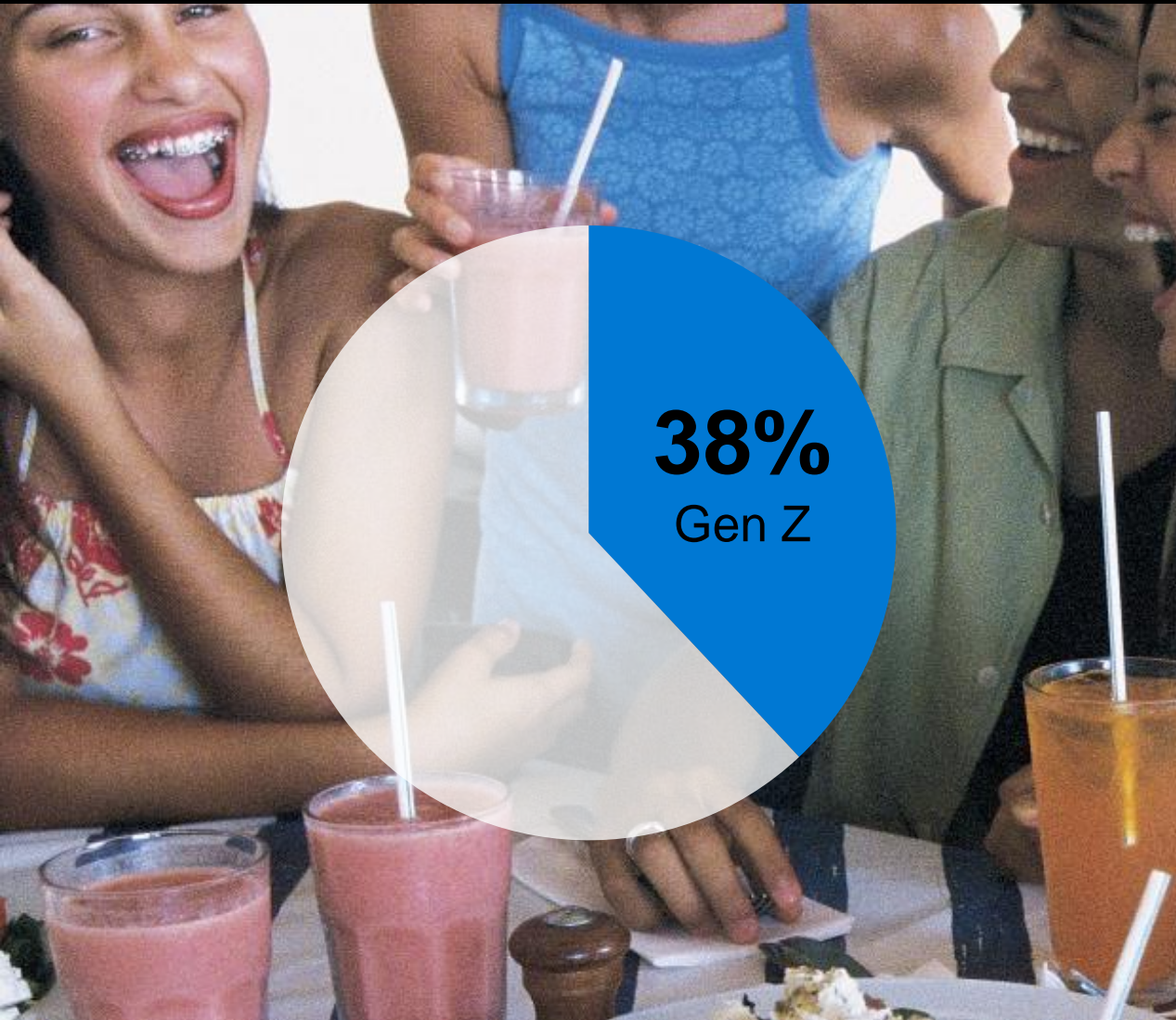
THESE NUMBERS ARE GREATER WITH DIVERSITY

Q: How often do you buy a product or service
from a brand solely because you believe in that
brand’s values/reputation and you want to
support them?



Food Defines Them

Food Really Defines Who I Am and What I Believe In



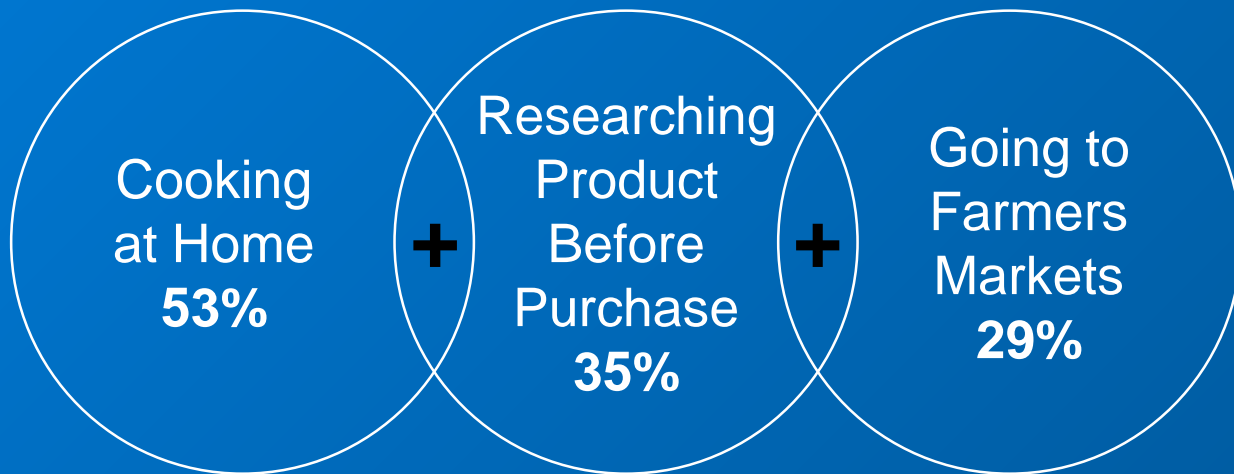
38%
Gen Z



45%
Millennials

Balancing “High Touch” and “High Tech” in Actions

Doing more ...



71% Want to Cook More Often

... and less



Balancing “High Touch” and “High Tech” in Conversations

Nearly one-third of both generations say it is their role to share information with others — and do so both in person and online

Word of Mouth with Friends/Family:

Gen Z
57%

≈

Millennials
55%

Social Media:

Gen Z
60%

≈

Millennials
63%



Shared Responsibility to Improve What and How We Eat

“WE”

Identified themselves AND food companies as being responsible for improving what and how we eat

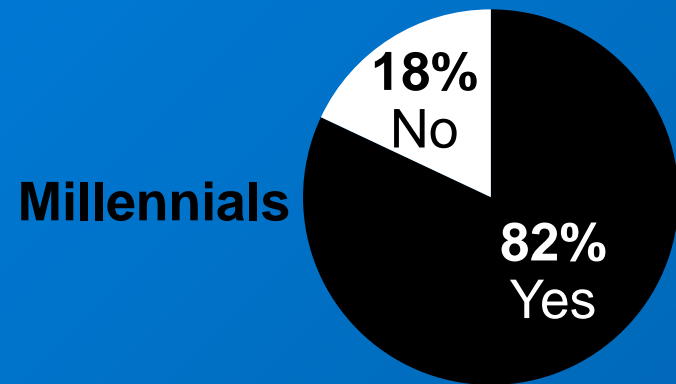
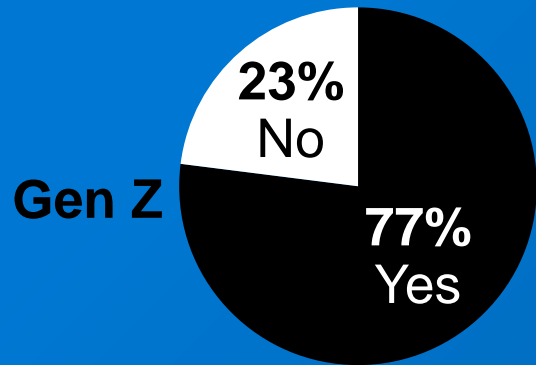
“My Generation” also key improving what we eat

- **Generation Z:** 51/50%
 - **Millennials:** 50/48%
-
- **Generation Z:** 40%
 - **Millennials:** 40%



Steps Taken to Address Topics/Trends

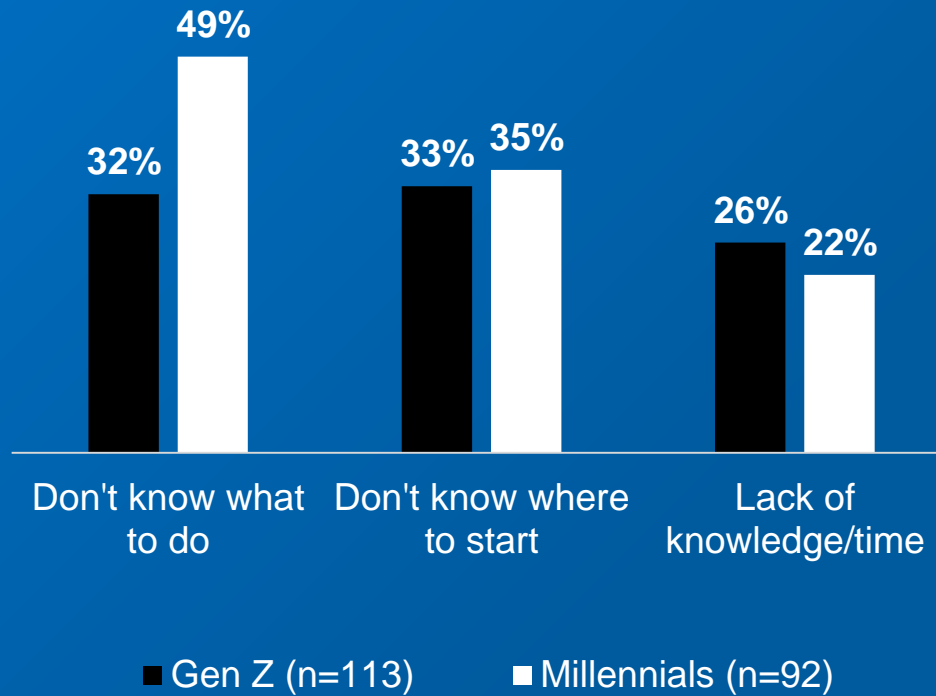
Do You Take Action to Address Those Issues?
(across all issues)



**#1
Action**

REDUCE
FOOD
WASTE

Why Haven't Taken Action?



New Generations Driving Innovation



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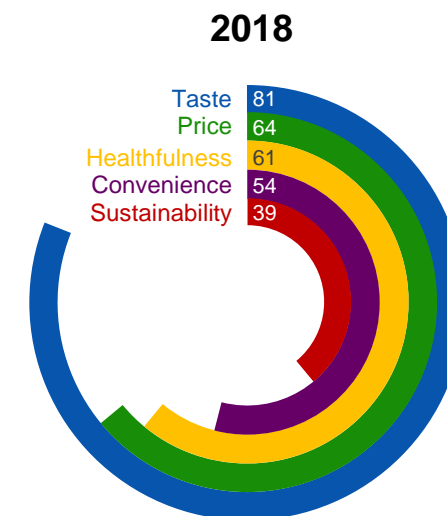
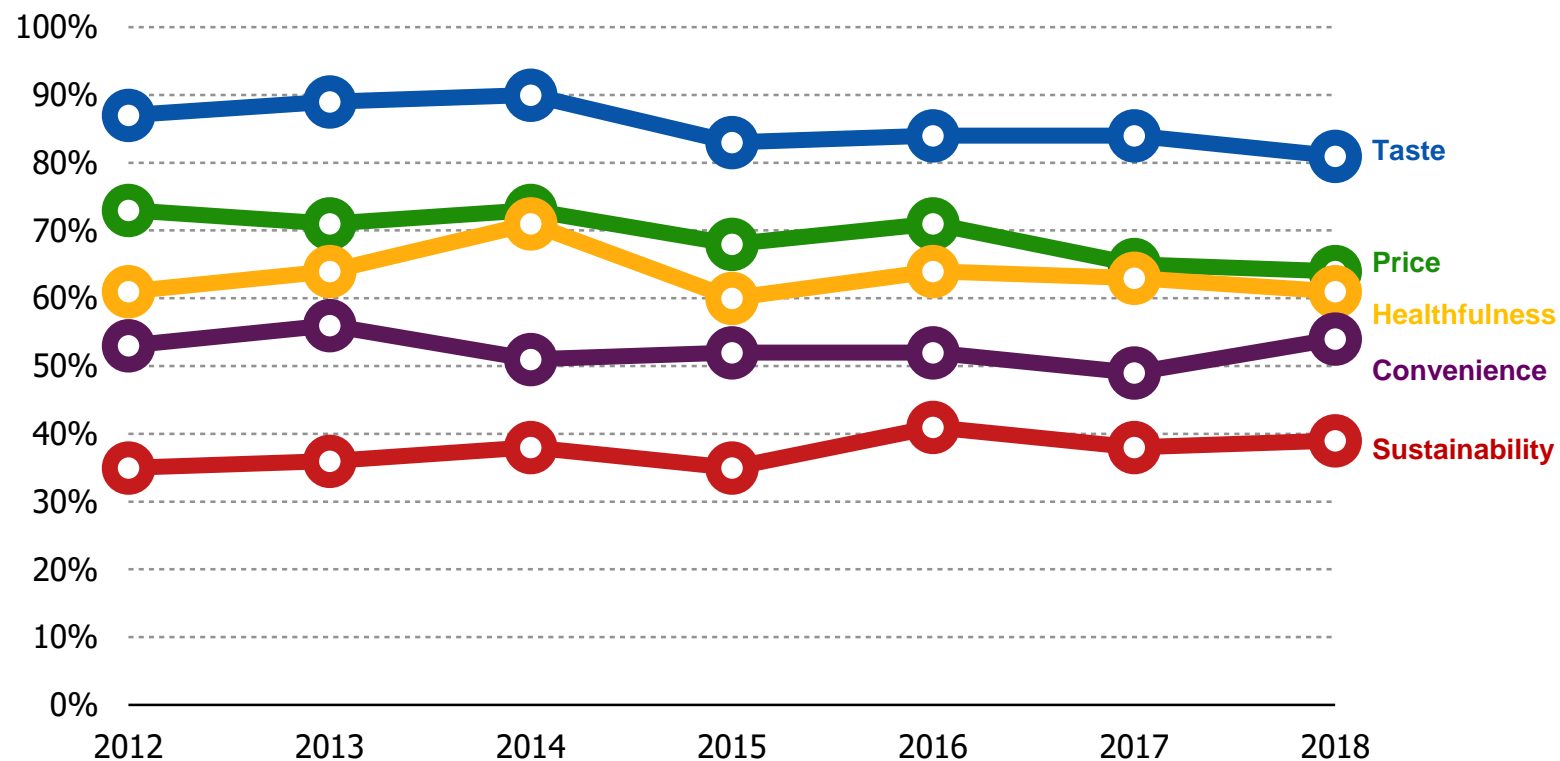
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Taste Is Still Top Driver, but Then ...

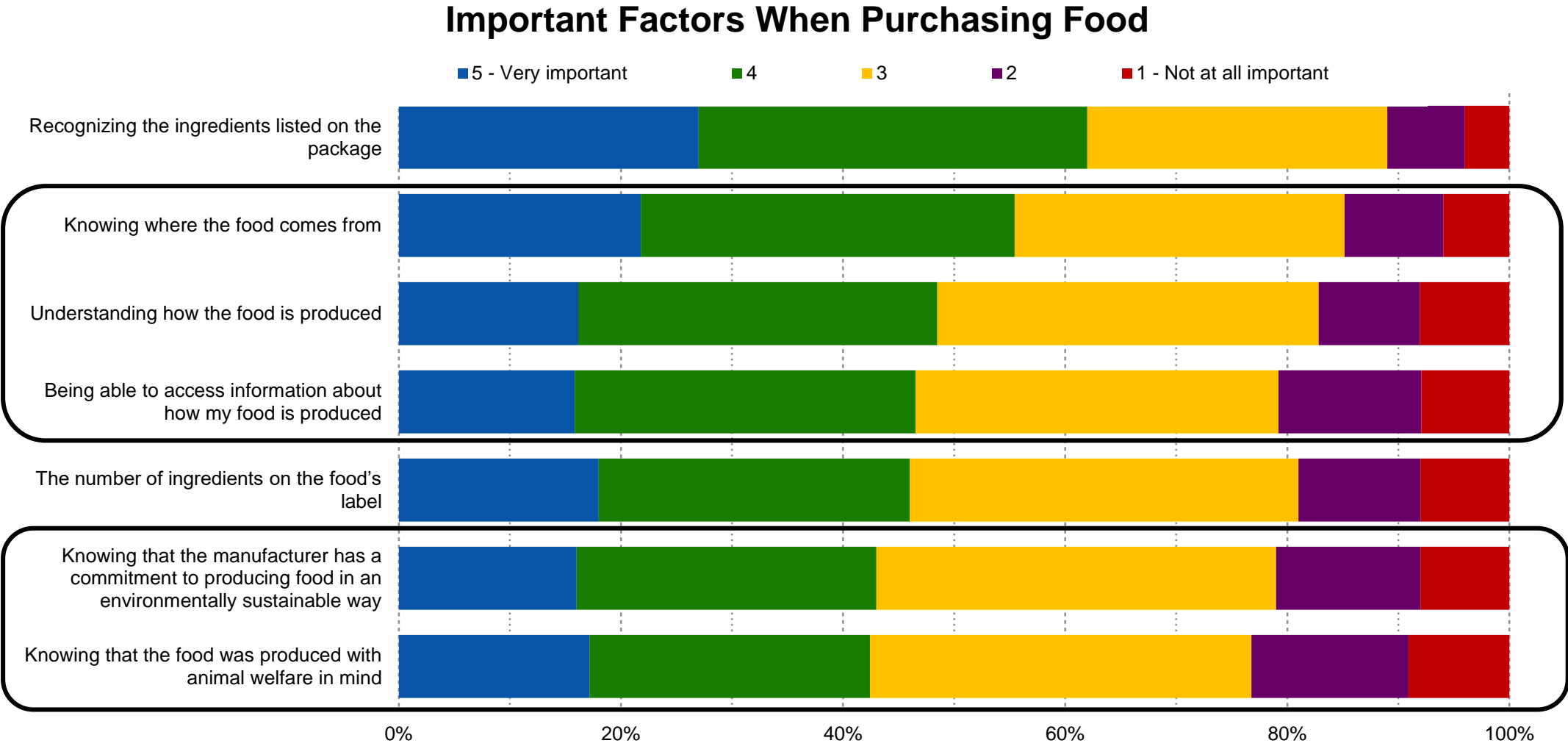
Purchase Drivers Over Time

(% 4-5 Impact Out of 5)



Q13: How much of an impact do the following have on your decision to buy foods and beverages? (n=1,009)

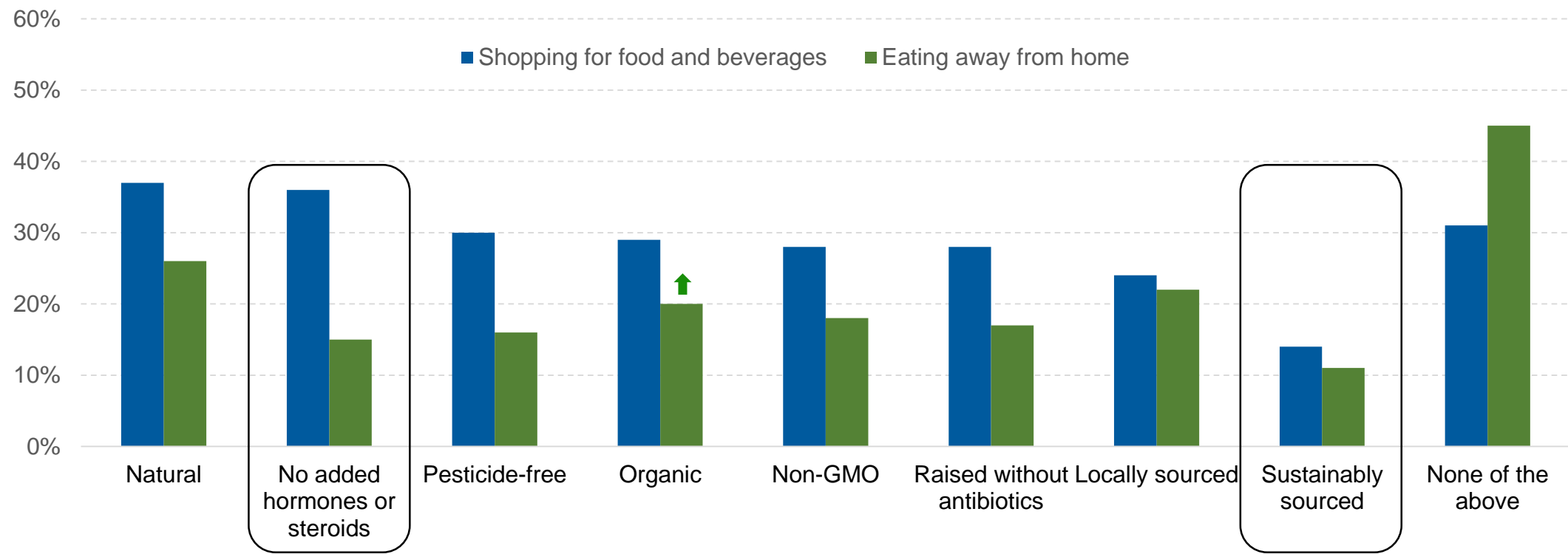
... How Food Is Produced Is Just as Important



Q43: How important are the following factors in your decision to purchase a food or beverage? (Split Sample A, n=505)

Practices Shared on Labels Drive Purchases

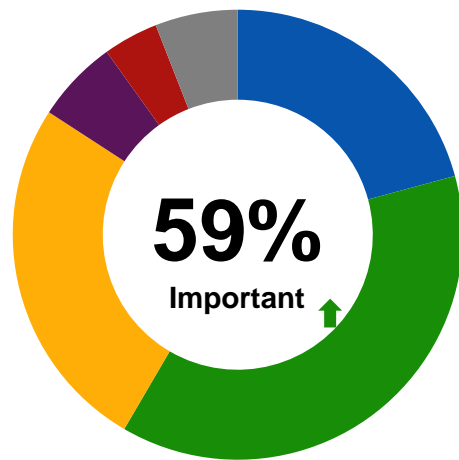
Labeling Influence on Purchasing Behavior



Q47a: Which of the following, if any, do you do on a regular basis (that is, most times when you shop for foods and beverages)? Buy foods and beverages because they are advertised on the label as...? Select all that apply. (Split Sample A, n=505)
Q47b: Which of the following, if any, do you do on a regular basis (that is, most times when you eat away from home)? Eat at restaurants because they advertised their foods and beverages as...? Select all that apply. (Split Sample B, n=504)

The SUSTAINABILITY Challenge: Consumers' Definition of Sustainability Expands Upon Any Industry Standard

Importance of Sustainability in Food Products Purchased



■ Very important
■ Somewhat important
■ Neither important nor unimportant
■ Not very important
■ Not at all important
■ Don't know enough

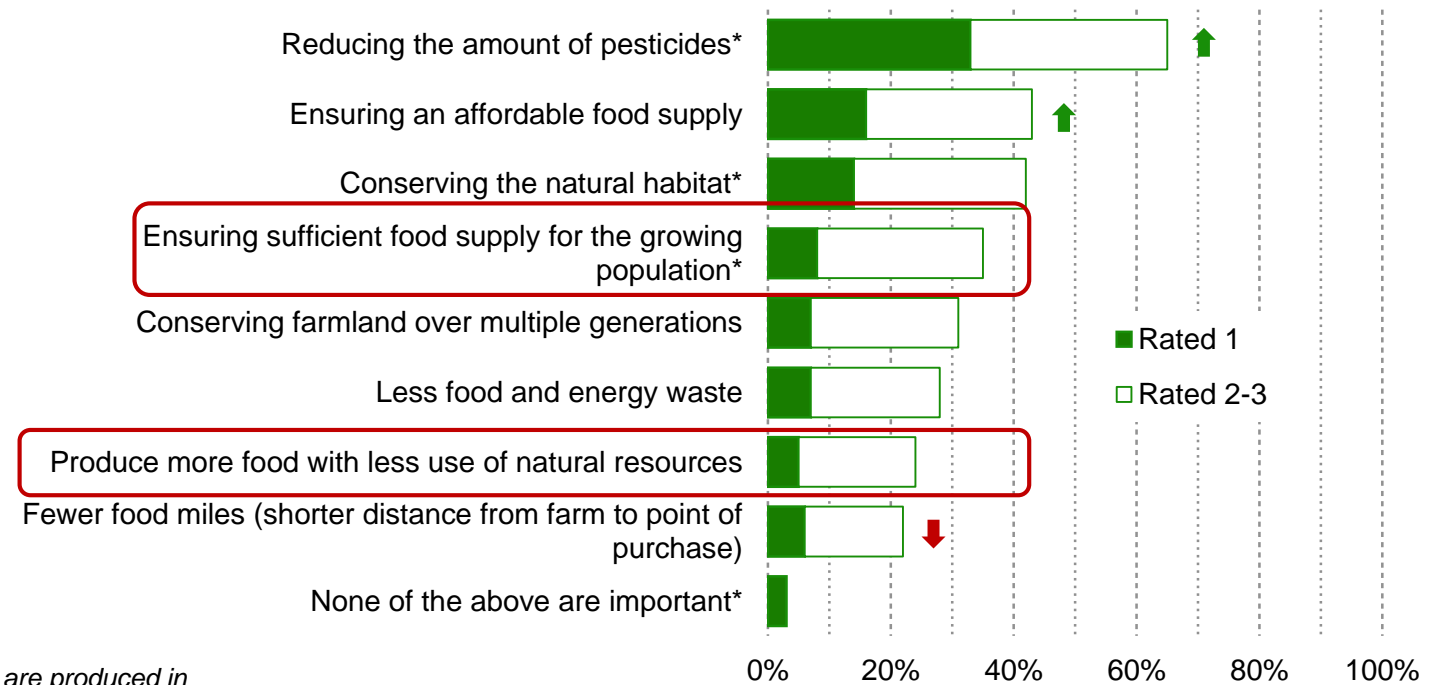
Q45: How important is it to you that the food products you purchase or consume are produced in a sustainable way? (n=1,009)

Q46: What 3 aspects of producing food in a sustainable way are most important to you? (Select top answer.) (Of those who say it's important their food be produced sustainably, n=583)

*Response text has been abridged

Ranked Important Aspects of Sustainable Food Production

(Of those who say it's important their food be produced sustainably)



Labeling Sustainable Practices Proven Sales Driver

SUSTAINABILITY SELLS

Year-over-year sales growth (%) among products with these claims

PACKAGING
MATERIAL



2.5%

SUSTAINABLE
FISHING



3.2%

ANIMAL
WELFARE



3.9%

PRODUCTION
METHODS



4.2%

BUSINESS
PRACTICES



10.8%

SUSTAINABLE
FARMING



11.4%

Source: Nielsen Product Insider, Powered by Label Insight, 52 weeks ended Jan. 28, 2017

Traceability Another Strong Production Story

TRACEABILITY

TRANSPARENCY

PURITY





Regardless of the specific term, it represents full and open sharing of practices on-farm, in processing and to the consumer.

Traceability is a marketing term, used in both B2B and B2C spaces.

Traceable Back to the Farm: Food Industry

Triscuit



 <p>MADE FROM SCRATCH</p> <p>We make all our recipes from scratch, every day in each of our restaurants.</p> <p>LEARN MORE</p>	 <p>PURPOSEFUL INGREDIENTS</p> <p>We cook with purposeful ingredients selected for their flavor and nutritional benefits.</p> <p>LEARN MORE</p>	 <p>FIERY WOK POWER</p> <p>Wok cooking is a time-honored tradition and one of the purest forms of cooking.</p> <p>LEARN MORE</p>
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SPOTLIGHT STORY:

GREEN ONIONS FROM MURANAKA FARM



P.F. CHANG'S®

On the Horizon: Plant Protein



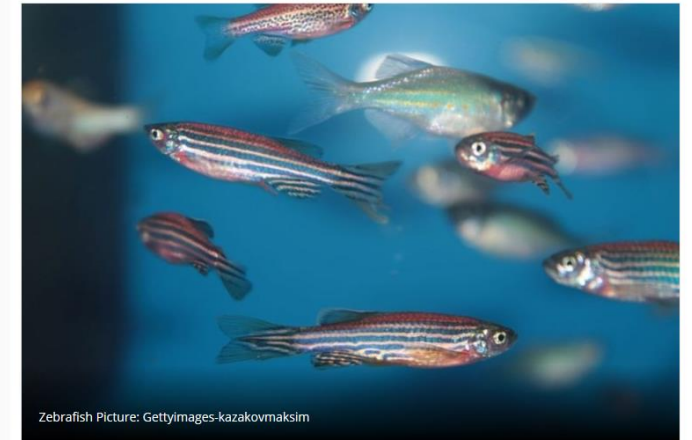
\$3.3B in
2018 Sales



Lean fish have advantages over meat and poultry for cell-cultured protein production, claims nonprofit

By Elaine Watson

25-Feb-2019 - Last updated on 27-Feb-2019 at 17:25 GMT



Zebrafish Picture: Gettyimages-kazakovmaksim

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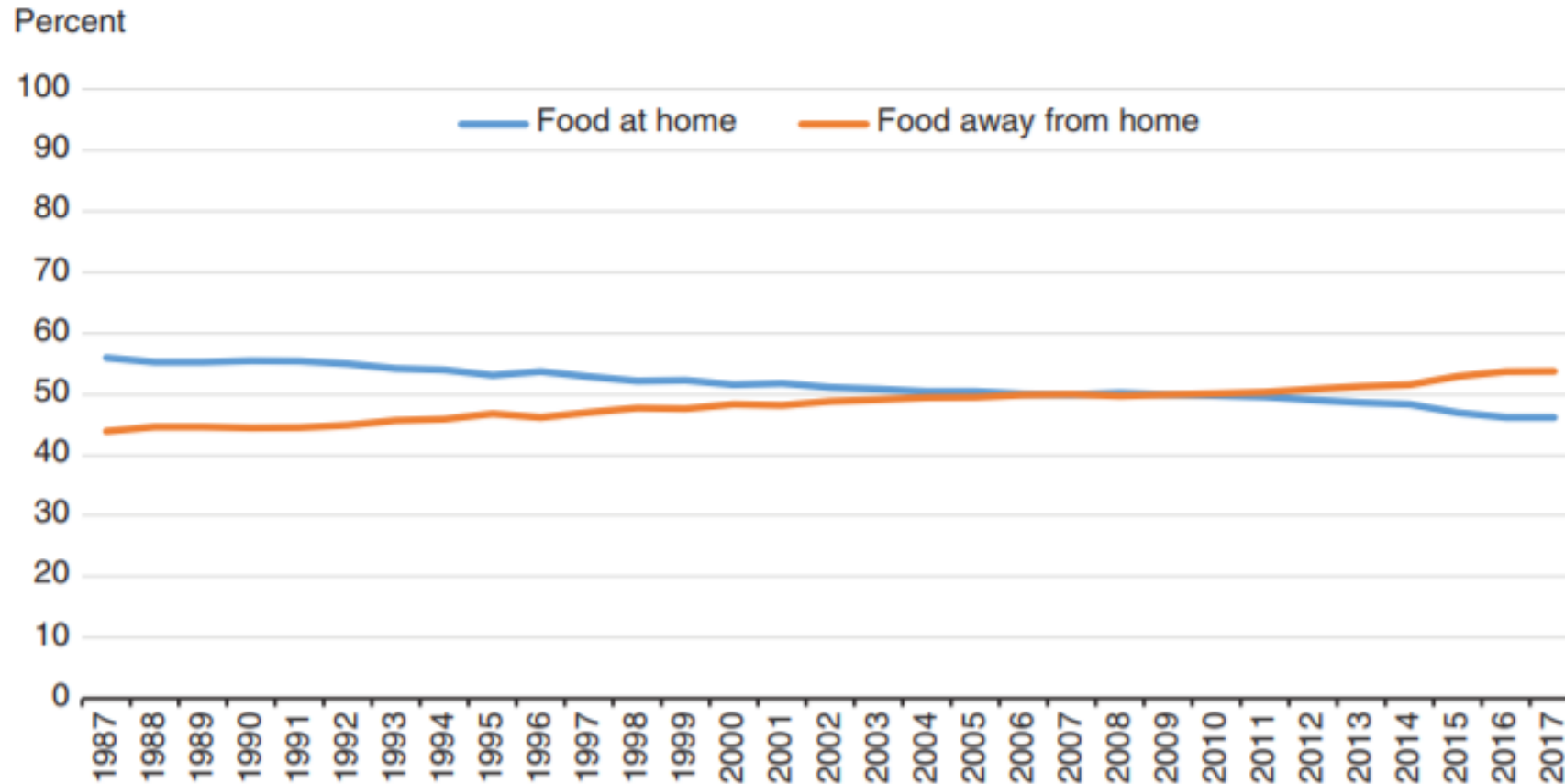
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Americans Spent More on Food Away From Home



Source: USDA, Economic Research Service Food Expenditure Series. 2018.

2018 Restaurant Growth Segments

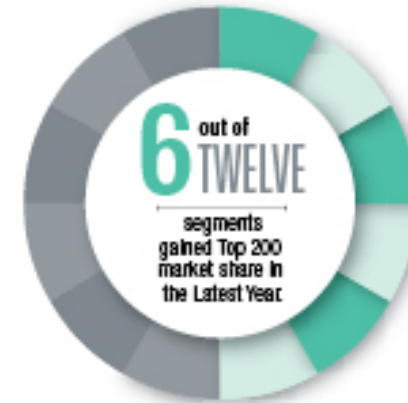
SEGMENTS THAT GAINED SHARE



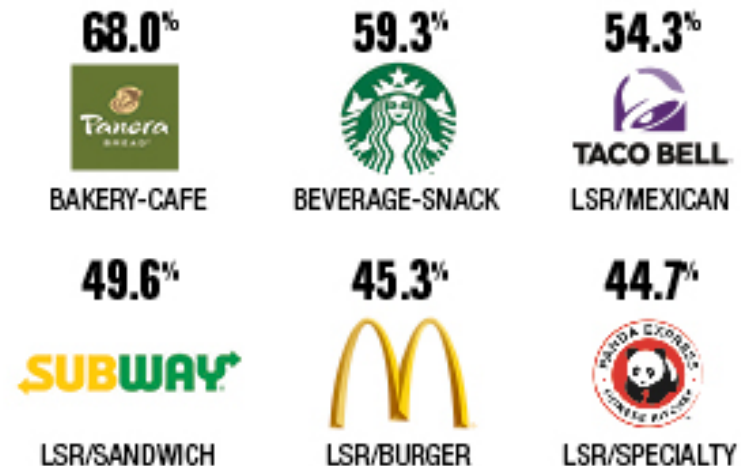
SEGMENTS THAT LOST SHARE



SEGMENT WHOSE SHARE REMAINED FLAT



CHAINS DOMINATING SEGMENT SALES





Grocery Store: Growth Twice That of Restaurants
+6.0%



C-Store: Sales Growth Dropped by 50%
+3.5%

Meal Kits

Retailers are entering the meal kit space by purchasing current brands or developing their own

\$10B

Projected revenue of meal kits by 2020
(Technomic)



200+

Number of stores Kroger is offering the Prep + Pared meal kits

\$80.6M

Sales generated by grocery stores in meal kits for 12 months ending March 2017



+ Plated.

Albertsons' purchase of Plated in September 2017 was the first major acquisition of a meal kit by a grocery retailer

True Chef meal kits available at retailers



Millennials and Gen X are four times as likely to buy meal kits than older generations

Retail Food Sales Split Across Various Sectors

+1.2%

+0.1%



Gas/C-Store



Grocery

0.0%

0.0%



Drug



**Warehouse
Club**

-0.1%

-1.0%



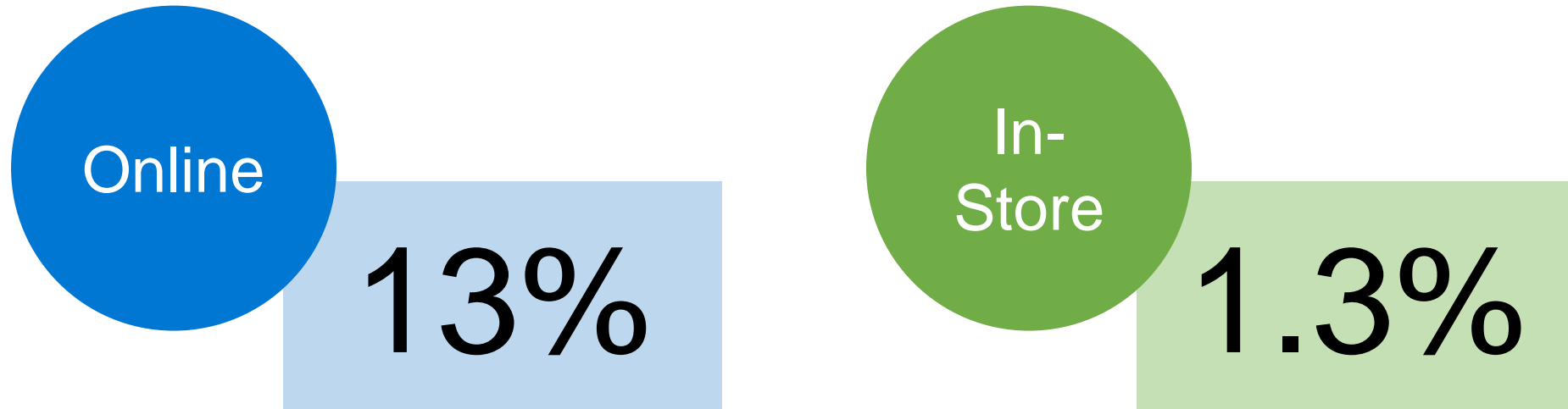
**Value/
Dollar**



**Mass
Merch**

Online Grocery Growth Far Outpacing In-Store

5 Year CAGR Ending 2022 (excluding inflation)



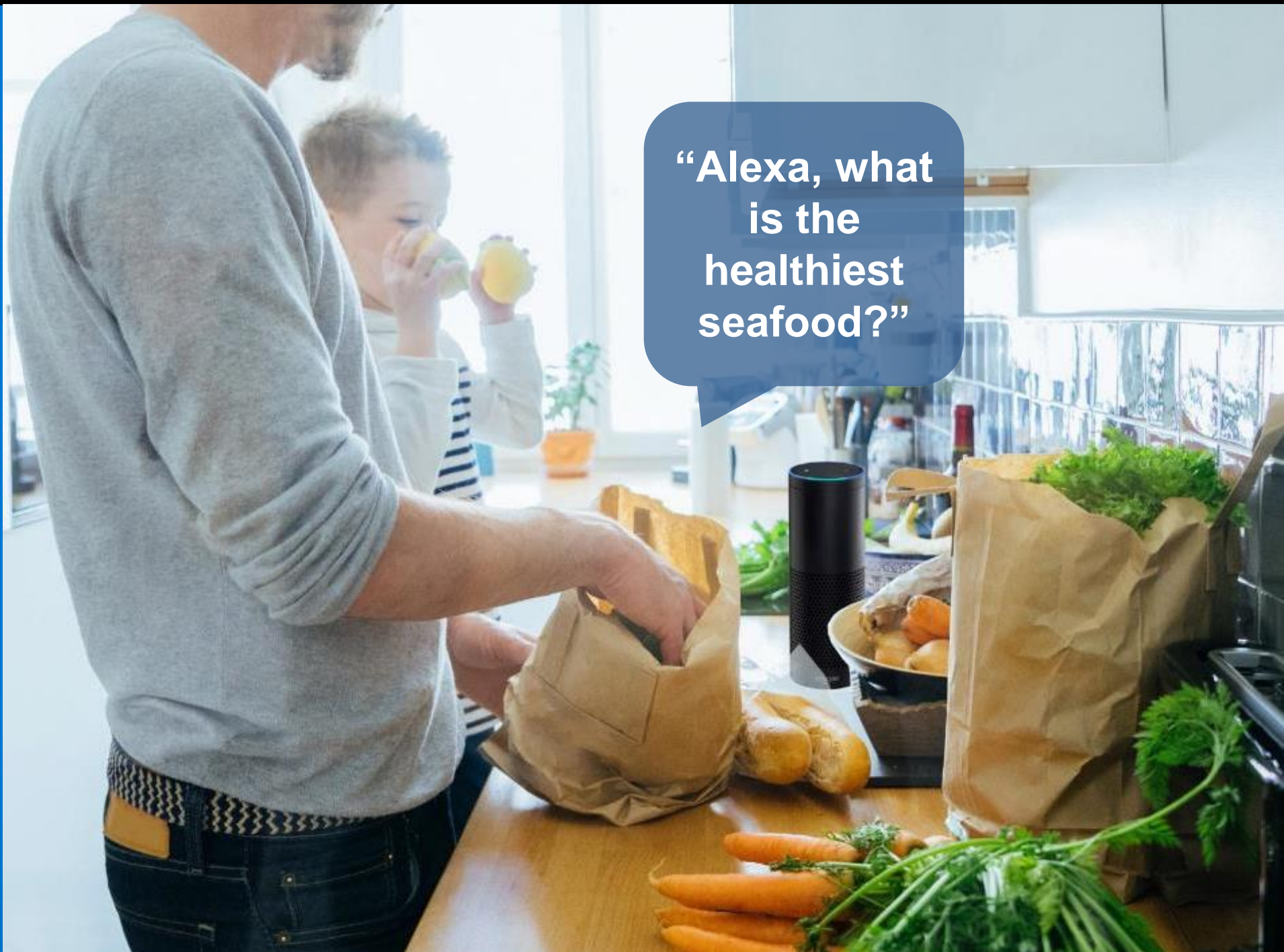
Source: Brick Meets Click Online Grocery Forecast. 2018.

Smart speaker penetration **increased 50%** last year

Smart speakers are now in **20% of WiFi homes**

36% of homes regularly use the device to make purchases

Groceries are the most frequently ordered item from Alexa (30%)



“Alexa, what is the healthiest seafood?”

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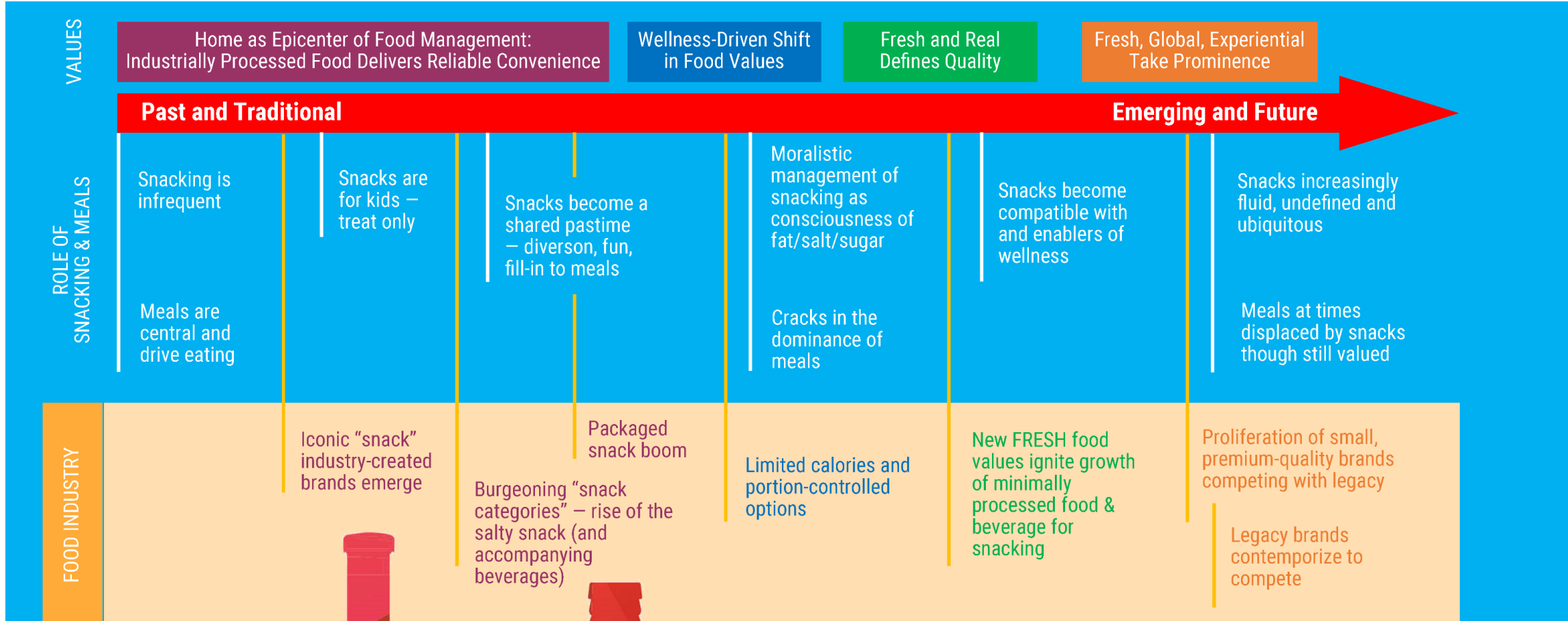
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Evolution of Snacking



Snacking by the Numbers



of Meal
Occasions
are Snacks



of Our
Calories Come
from Snacks



of Us
Snack to
Get Nutrition

We Average More Snacks
Than Meals Per Day

3.02
SNACKS

2.87
MEALS



Snack Sales Crossed
\$100B in 2016

Snack Sale Growth
DOUBLED
That of Staple Foods
— in 2016 —

When and Why Do We Snack?

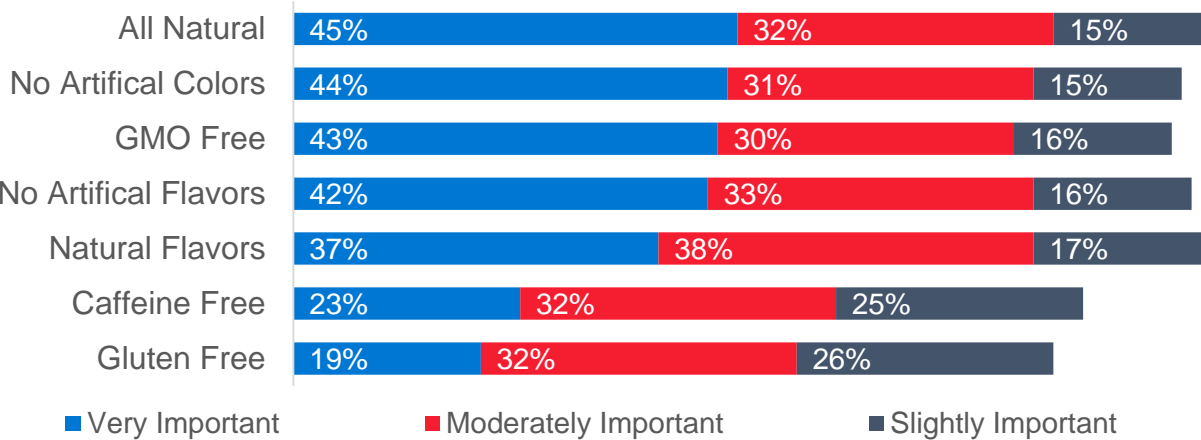
AKA the Death of “Breakfast, Lunch and Dinner”



● Breakfast, Lunch, Dinner ● Snacks

What Are We Looking for in Snacks?

NOTHING



NUTRITION



CONVENIENCE



Anything Can Be A Snack!



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**Norwegian seafood is well
positioned to capitalize on
growth trends**



Norwegian Seafood Delivers Today's Food White Space: The Balance Between What Makes Me Feel Good ... About Myself and My Environment

SUSTAINABILITY

"I feel good
about what I eat"

MINDFUL
CHOICES

FOOD AS WELLNESS

"What I eat
is good for me"

ETHICAL CLAIMS GAIN MOMENTUM

+55%

Ethical
- Human



+48%

Ethical
- Environment



+24%

Ethical
- Animal/Pack
& Bio



Growth of food & beverage launches with ethical claims. (Global, 2017 vs. 2016)

BETTER-FOR-YOU CLAIMS RESONATE

+16%

Free from



+13%

Clean Label



+8%

Sugar
Reduced/Free



Average annual growth of food and beverage launches with better-for-you claims. (Global, 2017 vs. 2016)

Opportunity: Share Aquaculture's Story — to Consumers With No Farming Background



Opportunity: Continue to Offer Foodservice Operators and Retailers Tools They Need



Opportunity: Seek New Ways to Make Seafood Convenient and “Snackable”



Opportunity: “Bring” People to Norway Through Technology

**FACEBOOK
LIVESTREAM
WITH CHEF**



Thank you

SEAFOOD
FROM
NORWAY



FLEISHMANHILLARD