

Deanna Brady

Group Vice President;
President, Consumer Products Sales

21 Years with Hormel Foods

Hormel Foods Career History

2015: Group Vice President; President, CPS
2013: Group Vice President, Foodservice
2007: Vice President, Foodservice
2003: Regional Manager, Foodservice
1996: Territory Manager, Foodservice

Favorite Hormel Foods Product





Inspiring Growth
In a Fluid Environment

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Group Vice President;
President, Consumer Products Sales (CPS)

CPS is the Retail Sales Arm for Hormel Foods

265 CPS EMPLOYEES

11 YEARS AVERAGE TENURE

18 MONTH TRAINING PROGRAM



Internal Data

CPS is the Retail Sales Arm for Hormel Foods

RETAIL

Walmart
Save money. Live better.

Kroger

Target

Publix

HyVee
EMPLOYEE OWNED

Albertsons

H-E-B

E-COMMERCE

amazon

Walmart
Save money. Live better.

jet

CLUB

COSTCO WHOLESALE

Sam's CLUB

BJ's

EMERGING COMPANIES

Walgreens

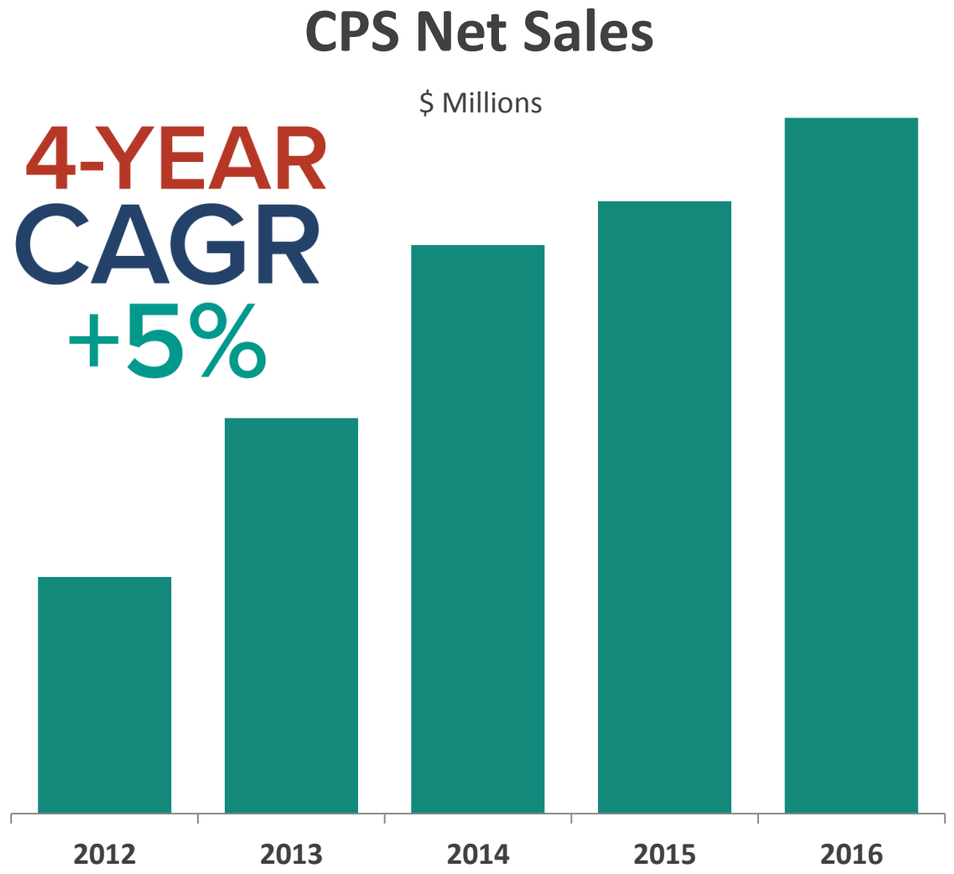
FAMILY DOLLAR

DOLLAR GENERAL

MENARDS

Our Organization Performs Numerous Functions





Internal Data

Our Actions are Being Recognized

CATEGORY CAPTAINS

Hormel Gatherings

Deli – Prepared Foods

SKIPPY

Snacks and Spreads

MegaMex Foods

Ethnic Foods

CATEGORY ADVISOR

Hormel REV BRAND

Protein Snacks

2016 Category Captain Progressive Grocer

"…But partnerships that have grown closer and more open through the sharing of insights have proved to be the most effective in driving sales, not just of a particular brand or product, but also the entire basket."

- Progressive Grocer November 2016.

#1 COMPANY TO SELL FOR 2016 BY SELLING POWER

Inspiring Growth in a Fluid Environment



Retail Fragmentation



Deflation



Trade Productivity



Deceleration in Retail Grocery



Shopper Shifts in Purchase



Price Wars

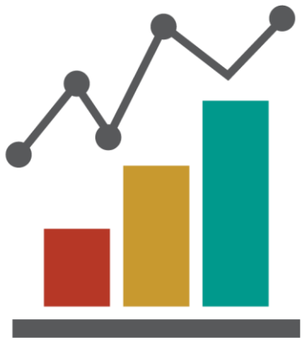
Inspiring Growth in a Fluid Environment



PEOPLE



CULTURE



INSIGHTS

- Thought Leadership
- Assortment Productivity
- Trade Collaboration

Thought Leadership

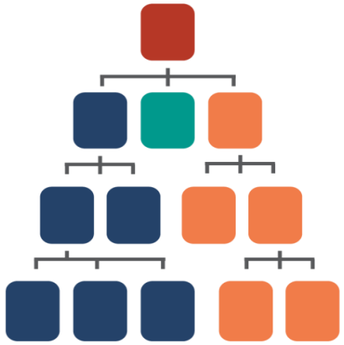
Turning Shopper Behavior into Category Insights



Voice of the Shopper



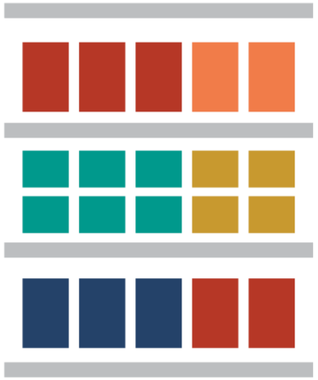
Category Affinities



Consumer Decision Trees



Pricing



Shelving



Assortment



Hormel Anthropologist Tanya Rodriguez (left) examines the contents of the fridge of Irma Valdez, one of Rodriguez's survey participants.
Photographer: Peter Bohler for Bloomberg

"What people **SAY**, What people **DO**, and what **THEY SAY THEY DO** are entirely **DIFFERENT** things."

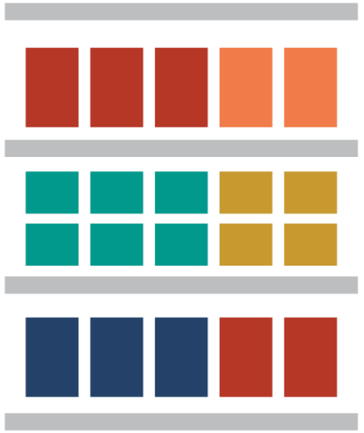
Margaret Mead

Thought Leadership

Turning Shopper Behavior Into Category Growth

THOUGHT LEADERSHIP JOURNEY

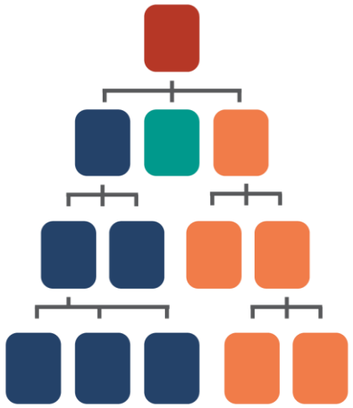
Assortment Optimization



Adjacency Recommendation



Segmentation within Aisle



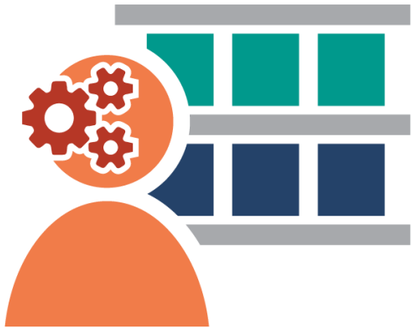
Store Optimization



Thought Leadership

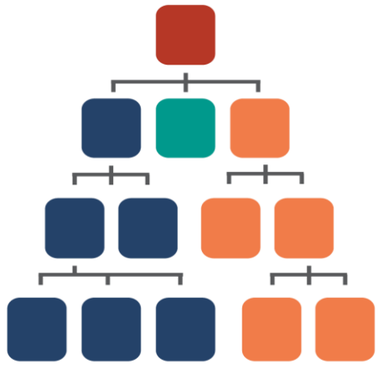
Turning Shopper Behavior Into Reality

1



Defining Shopper Behavior

2



Defining the Consumer Decision Tree

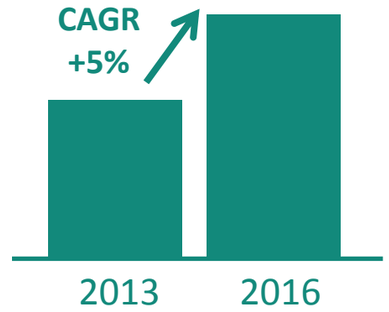
3



Optimizing Shopability In Store

4

NATURAL CHOICE® Brand Sales



Customer Implementation

*IRI MULO CY 2013-2016

Thought Leadership

Is Driving Growth

Canned Meats

6% VOLUME GROWTH



IRI - L12 weeks 5/7/17

Nut Butters

30% OF VOLUME IS INCREMENTAL TO THE CATEGORY



Spreads category – Leading US Retailer Shopper Card Data – L52 weeks 3/25/17

Mexican Foods

#1 FASTEST SELLING SALSA



IRI – MULO L52 weeks 4/9/17

Assortment Productivity:
More Important Now Than Ever

COMPETITION FOR SHELF SPACE

30,831 ITEMS
IN A TYPICAL GROCERY STORE

HEATED NEW ITEM RACE

OPERATIONAL FLAWS

OUT OF STOCKS ATTRIBUTE TO 8%
LOST SALES

SKU GROWTH OUTPACING SALES GROWTH

SHOPPER & INDUSTRY SHIFTS

CONSUMER TRIP FREQUENCY IS DOWN

E-COMMERCE
IS PROJECTED TO
GROW 11%
BY 2020

Source: Nielsen Innovation Database 52 weeks ending 11/28/15, Food channel, 2014; Nielsen Breakthrough Innovation Report; FMI; Nielsen Scantrack: xAOC YTD 2015 through 9/26/15 vs. 2012; Nielsen Homescan – total U.S. – All Outlets, All Buyers, All Brands, calendar years 2010-2014 and 52 weeks ending 10/24/2015, trips per shopper; Nielsen TDLinx & Nielsen Analytics; CAGRs (compounded annual growth rates – dollar basis)

The Premise of Assortment
To Gain Insight & Drive Growth

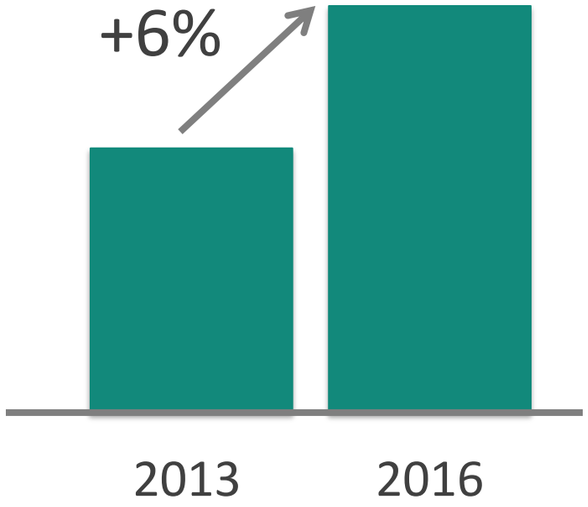
THE RIGHT

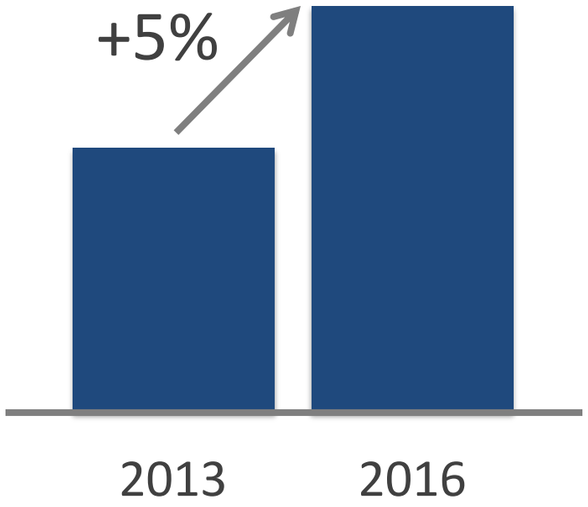


PRODUCT **STORE** **SHELF**

This Work is Demonstrated
By the Success of the Kroger Team

HORMEL FOODS





- Distribution
- Innovation
- Pricing
- Merchandising

Source: IRI, 3 year data trends w/e 12/18/2016; Total Kroger

Trade Collaboration

The Old Way Doesn't Work Anymore







Partnering with Retailers



Trade Collaboration

Aligning with Kroger

Bringing New Customers Into the Brand



+ 84.51° Kroger® = 8.1% SALES LIFT*

* F17 Actual results pending, Q4FY 16 reported 8.1% lift

Trade Collaboration

Partnering with Retailers

New Year's Eve Party Planning Solutions



MIDWEST MERCHANDISE RETAILER = 19% SALES LIFT

* Internal Data

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PEOPLE



CULTURE



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