



APC Highlights: "Did you know?"

AS AN FMO, OUR PRIORITY IS TO ENGAGE IN MARKETING ACTIVITIES TO GROW CONSUMER DEMAND FOR AMERICAN PECANS

FIVE CRITICAL AREAS OF FOCUS FOR FMO

- Marketing** & promotion of product
- Providing **statistics** & baseline data
- Conducting **research**
- Publishing **standards** of product
- Setting **compliance** standards for industry

ACTIVITIES **NOT** PROVIDED BY FMO

- × Lobbying
- × Buying / selling product
- × Setting prices
- × Setting tariffs

TIMELINE

First 18 Months – Getting Office Up & Going

Three Years of Programs

APC Approved, Board Seated
Office Established, Interim
Staff Hired, Organization
Begins Forms, and
Assessment Collection

APC gets budget and selects
marketing company.
Permanent Executive
Director Selected and staff
hires begin. Marketing
efforts begin. Compliance
audits and adoption of
programs policies and
procedures.

Strategic Plan completed.
UES signed. Marketing, data
collection, education on
programs, full programs
begin. Committees
established. Staff hired.
First Pecan Congress held.

Current market programs in
swing. Data collection and
first round of audits.
Compliance items begin.
Expansion of marketing,
industry relations, grades &
standards, Pecan Congress.
Results being realized.
Elections to be held.

Continuing to build on
programs. Referendum.
Data, marketing, compliance,
continue.

2016-2017

2017 - 2018

2018 - 2019

2019 - 2020

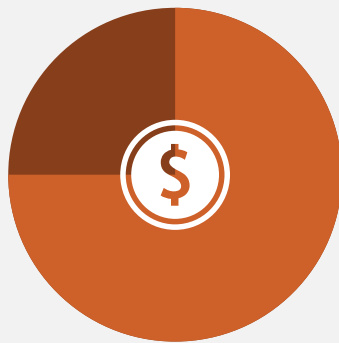
2020 - 2021

A close-up photograph of a person's hands, cupped together, holding a large quantity of pecan nuts. The nuts are dark brown with characteristic light-colored, wavy stripes. The background is blurred, showing more of the same nuts. The lighting is soft, highlighting the texture of the nuts and the skin of the hands.

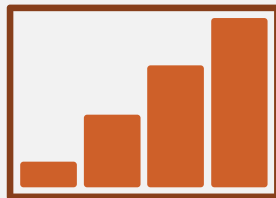
The APC has served as an **advocate for pecan growers to effectively boost** pecan popularity.

In only four years...

...growers' money
has been put to
good use



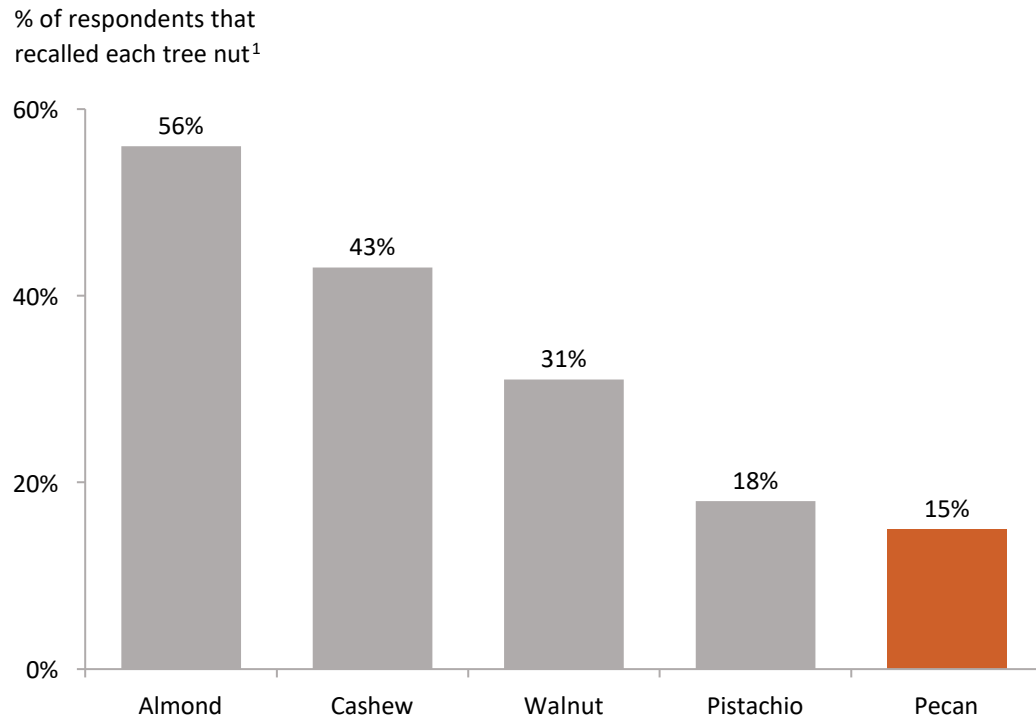
The **majority of spend is on marketing**
(\$0.75 of every \$1)



Each marketing dollar
yields a ~10x return by
increasing sales for
pecans

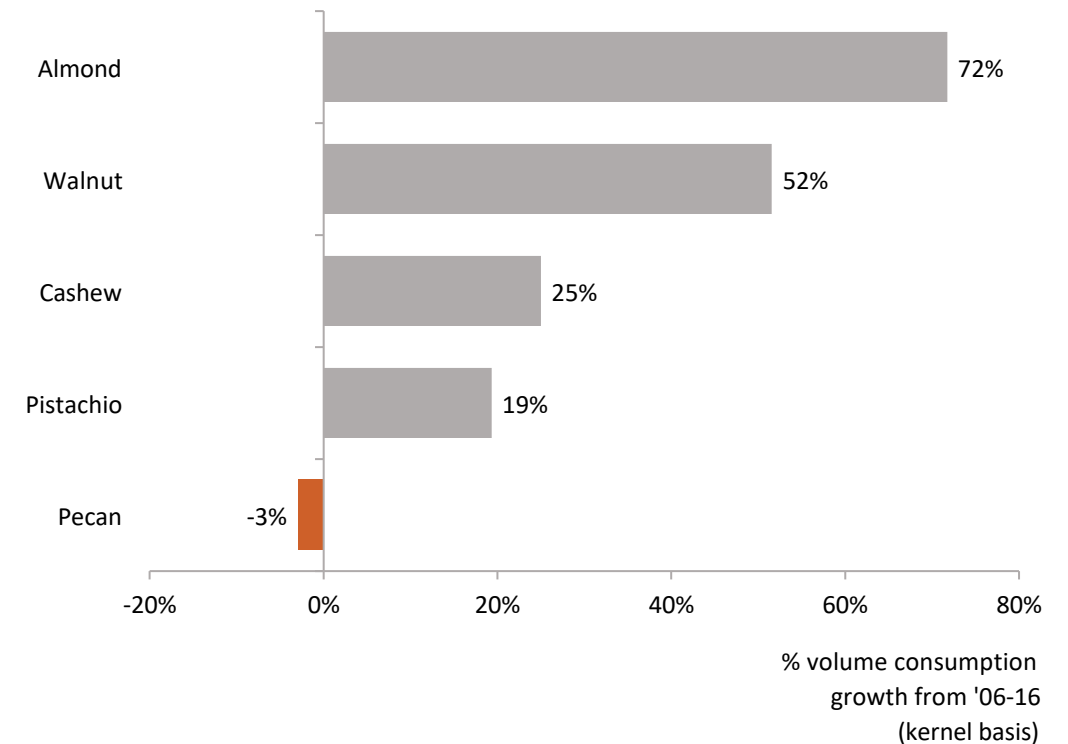
Consumer demand: US pecan demand significantly lags other tree nuts today

'Top of mind' awareness¹ of pecans in US is low relative to other mainstream tree nuts



Ten-year US pecan consumption stagnant while other tree nuts have experienced growth

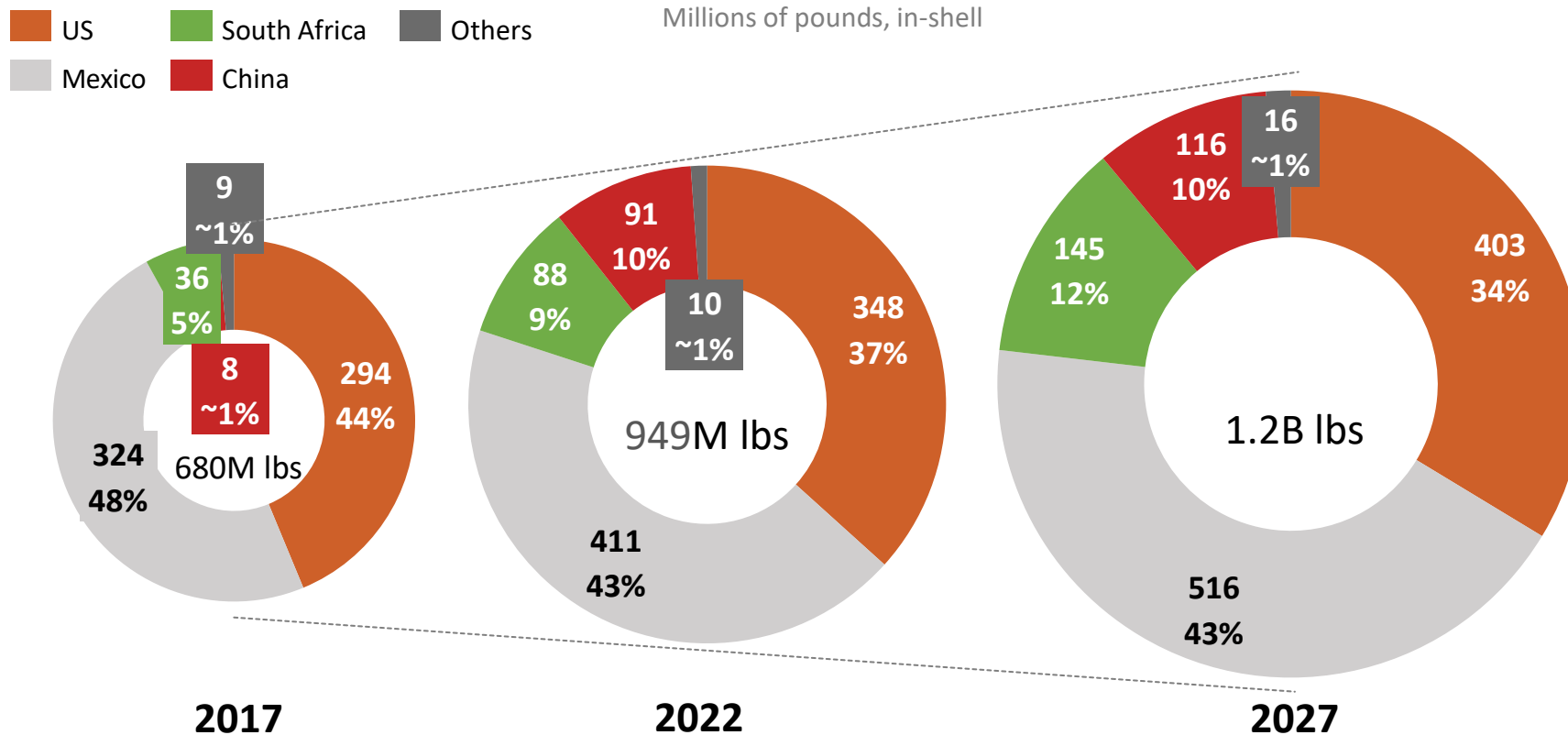
International markets account for majority of pecan consumption growth (4-5% annually)



1. Unaided awareness question in July 2017 survey asks for top 3 nuts respondent recalled. Note: Pistachio consumption is in-shell
Source: Exactcast APC Research July 2017, INC Statistical Yearbook

Significant supply coming online from S. Africa & China, and if no corresponding change to consumer demand, market will be hit with surplus

Annual pecan production across top markets



Base case estimate of supply; sources of supply growth may vary based on actual productivity of S. Africa, China, & others

- **China** may produce up to 5-10% of global pecan supply; may affect U.S. imports
- **South Africa** to continue rapid growth, comprise >10% of world supply in ten years - well suited to cater to Chinese demand
- Must **stimulate demand** to capture new supply and **diversify global demand** beyond China

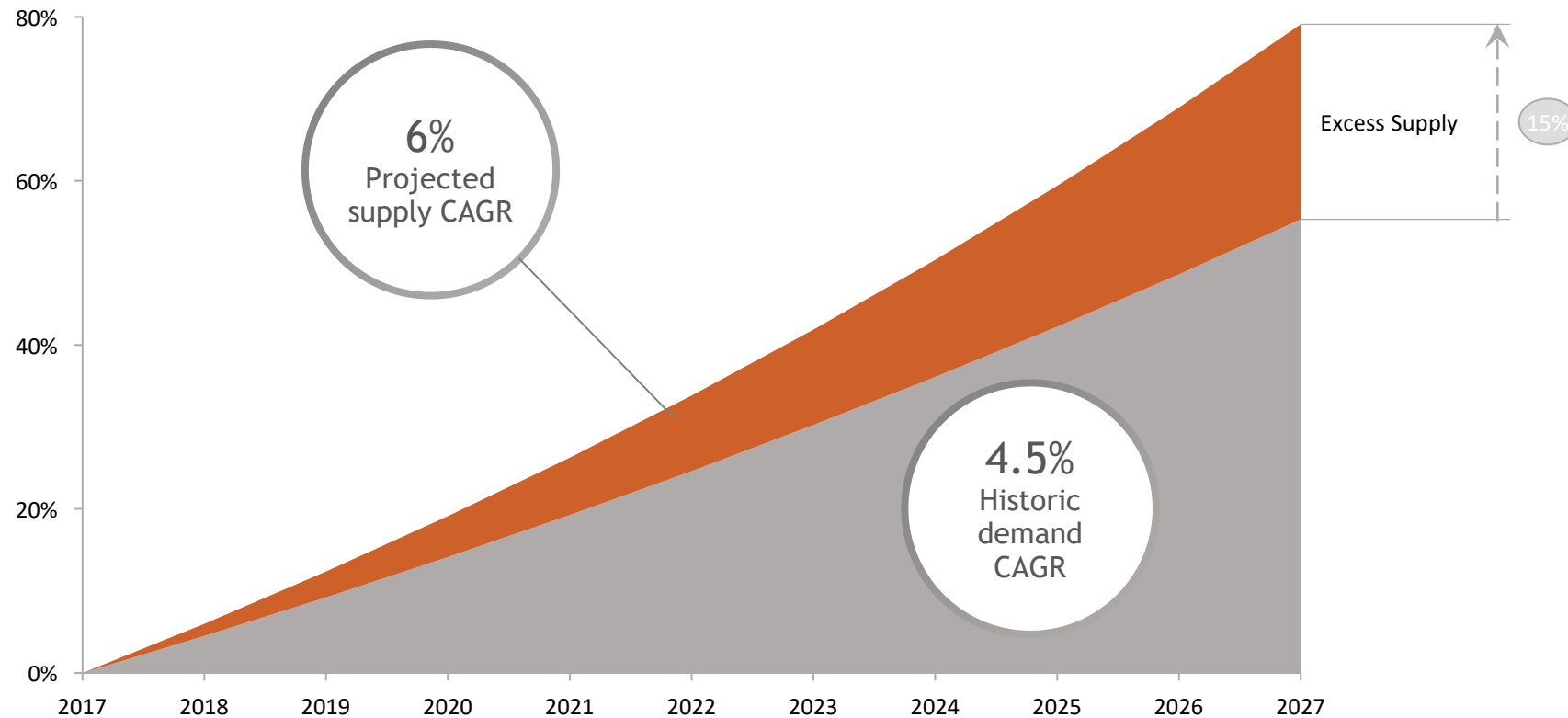
Source: USDA FAS/GATS; USDA NASS/ERS; SIAP-SAGARPA; Comenue; SAPP; Industry Interviews; Stakeholder survey
Forecasting does not account for cyclical nature of crop, or loss of production capacity due to Hurricane Michael; should be viewed as directional approximation

Context: At current rates, global pecan supply will exceed demand by 15% in ten years

Growth of global market supply and demand (steady-state forecast)

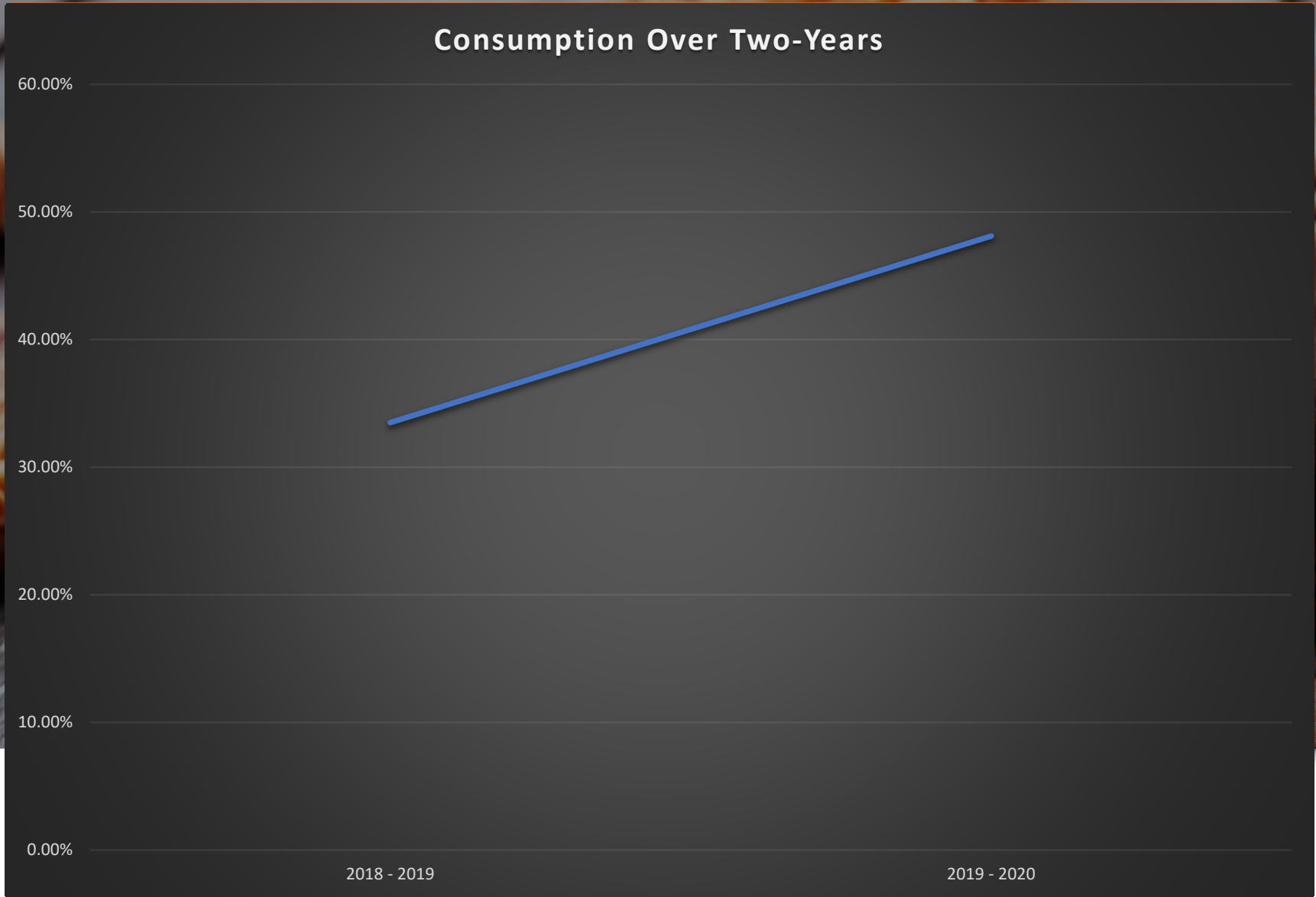
% of base value

Illustrative; excludes impact of price changes



Key Takeaways:

- 15% forecasted excess supply within 10 years
- Supply growing 33% faster than demand under current projections
- Conservative estimate of gap between supply and demand; 20% of global demand growth driven by Chinese market



CONSUMPTION COMPARED TO ONE YEAR AGO

...demand for
pecans has
accelerated



Consumption
has increased...

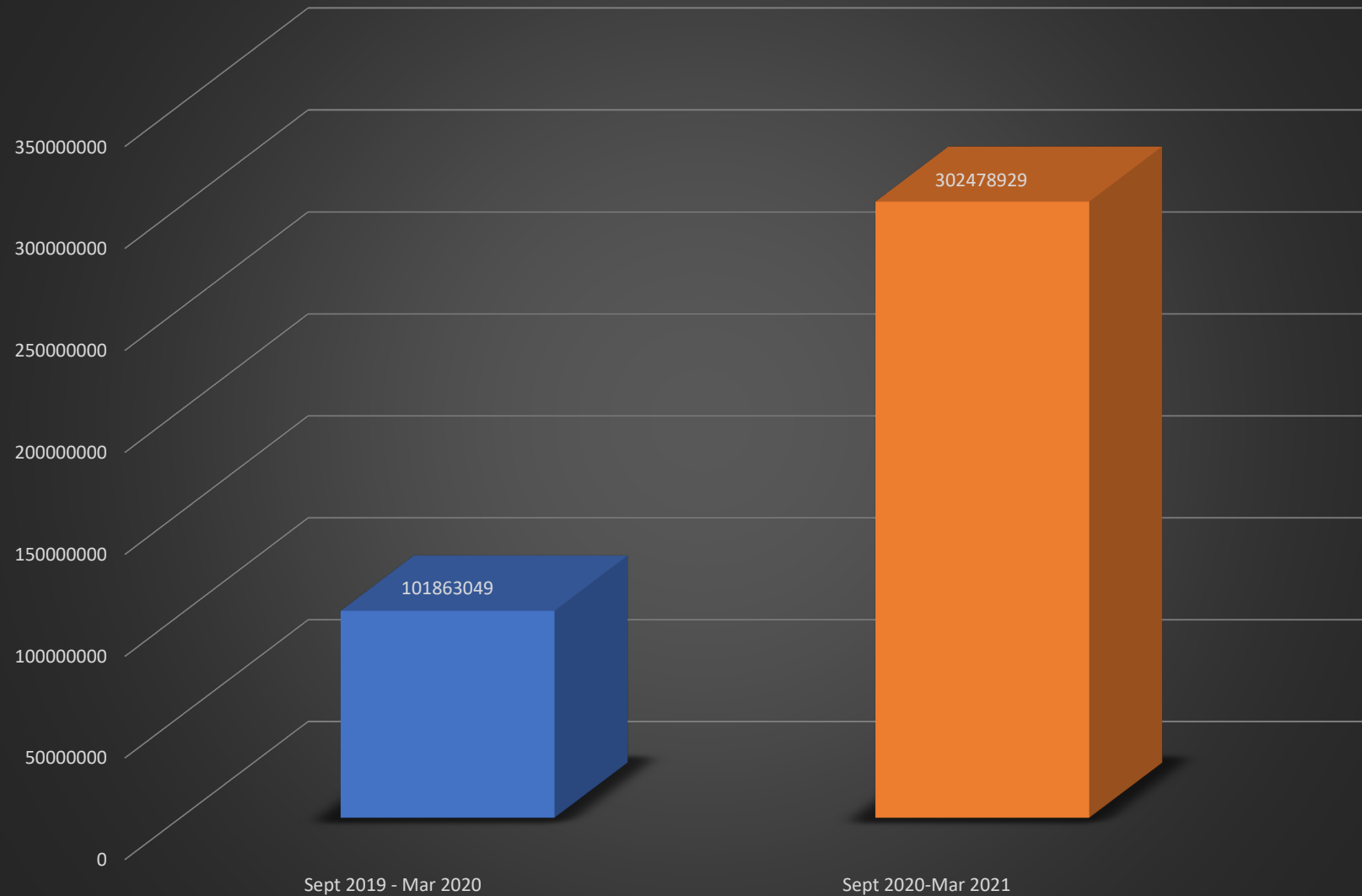
+36%



...and this **growth**
sustained through
COVID.

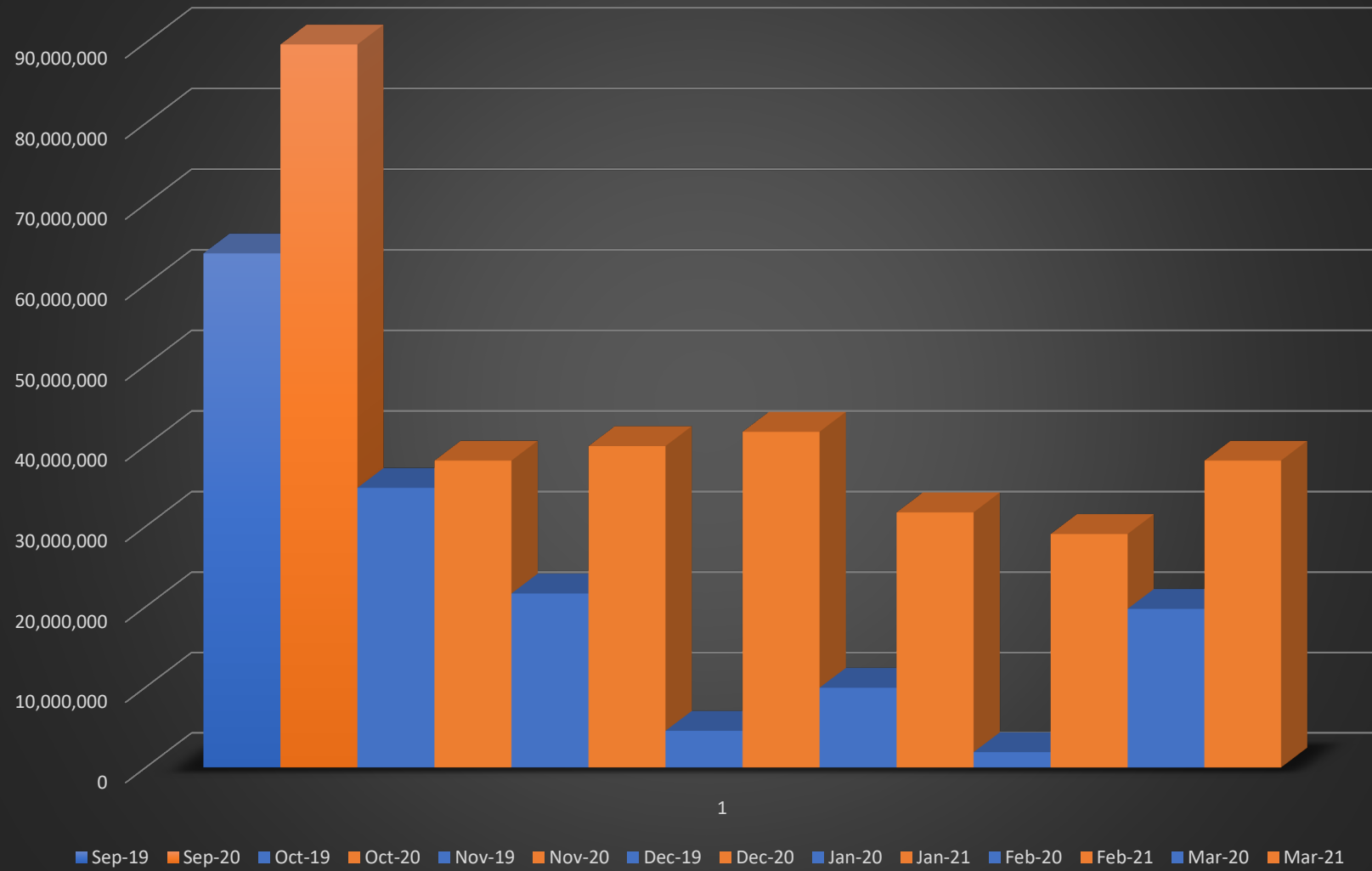
+8.5%

TOTAL SHIPMENTS COMPARED TO ONE-YEAR



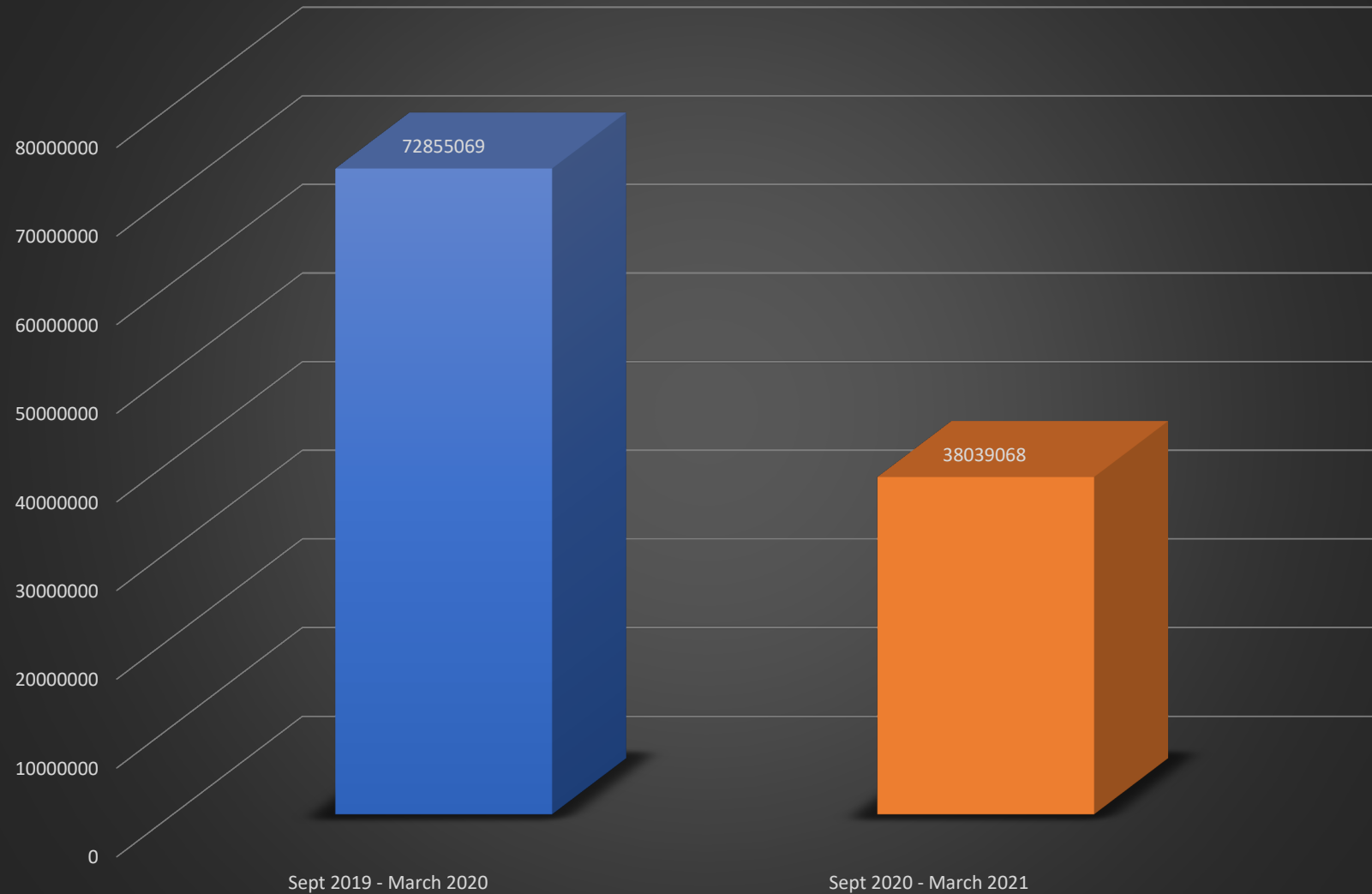
TOTAL PECAN SHIPMENTS COMPARED TO ONE YEAR AGO

PECAN SHIPMENTS COMPARISON



PECAN SHIPMENTS COMPARED TO ONE YEAR AGO

Pecans Purchased Outside of the US by US Handlers



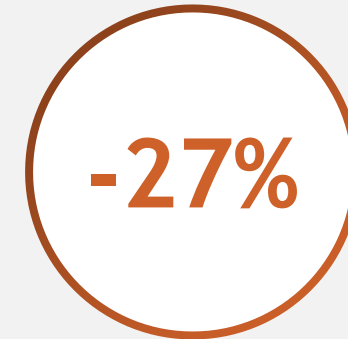
PECAN PURCHASED OUTSIDE US COMPARED TO ONE YEAR AGO



Shipments are
up...

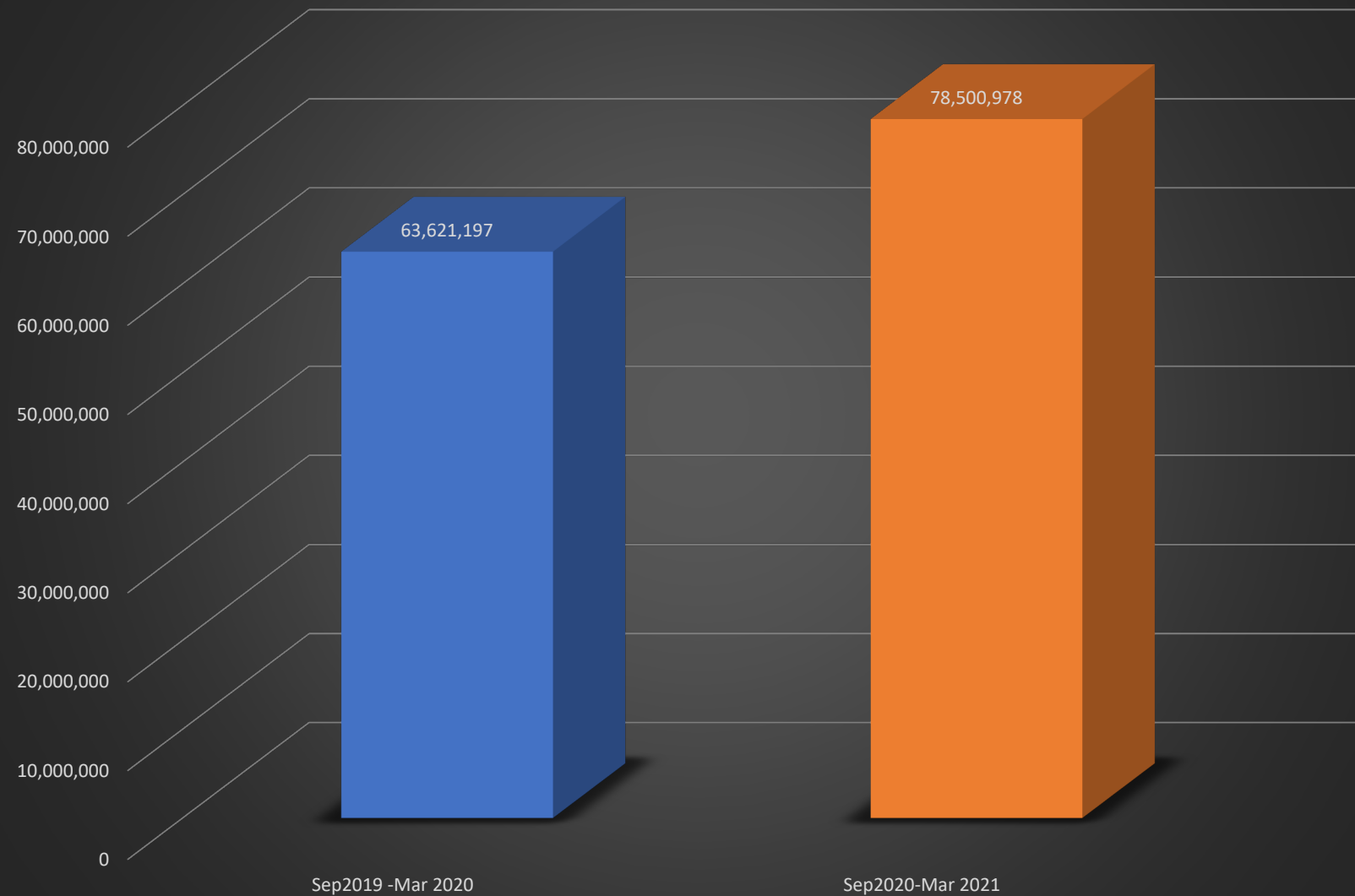


...and **inventory**
is down from
last year.



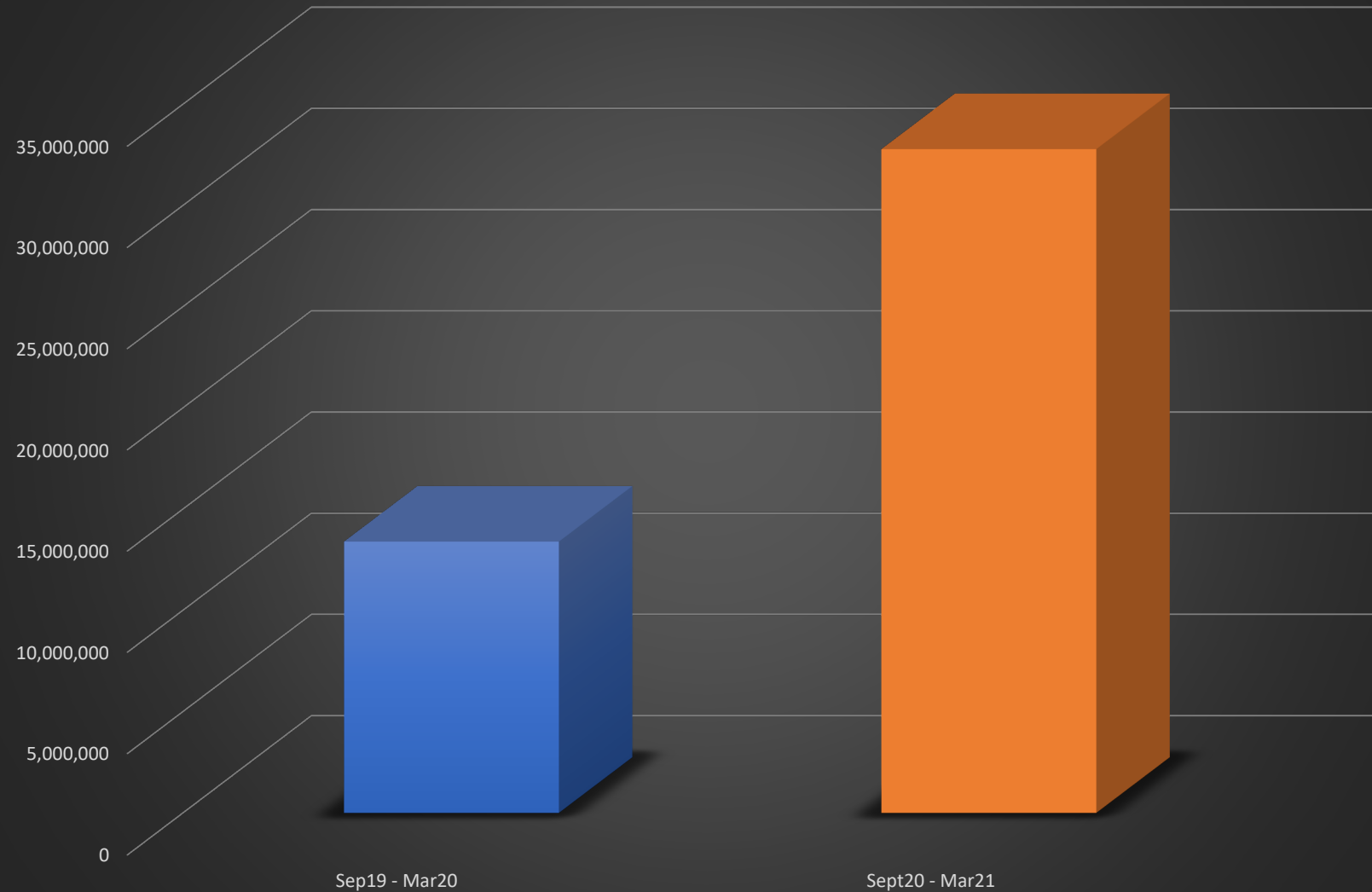
...inventory has
been moving

Total Export Compared One-Year Ago



PECAN TOTAL EXPORTS COMPARED TO ONE YEAR AGO

China Exports YTD Comparison



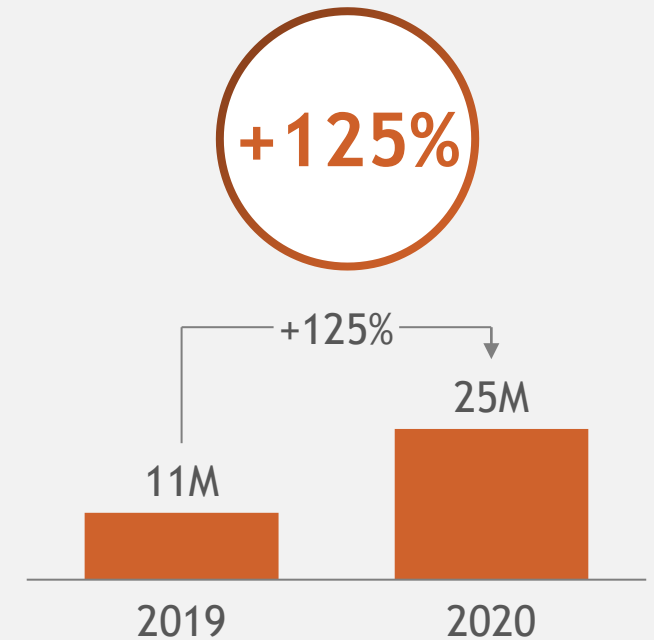
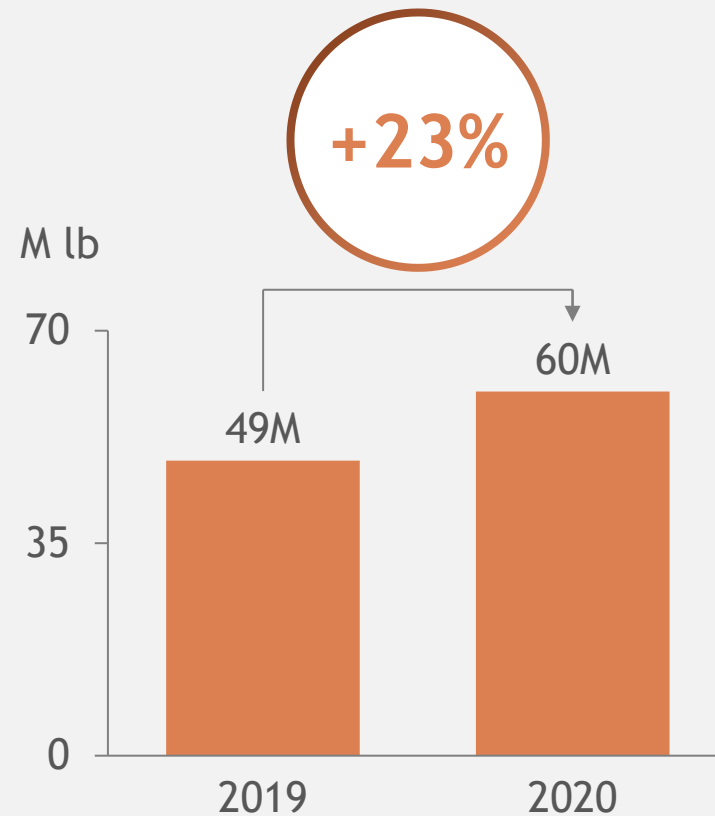
PECAN TOTAL CHINA EXPORTS COMPARED TO ONE YEAR AGO



Exports are up from last year¹...

...including significant growth in China.

...export volumes have grown

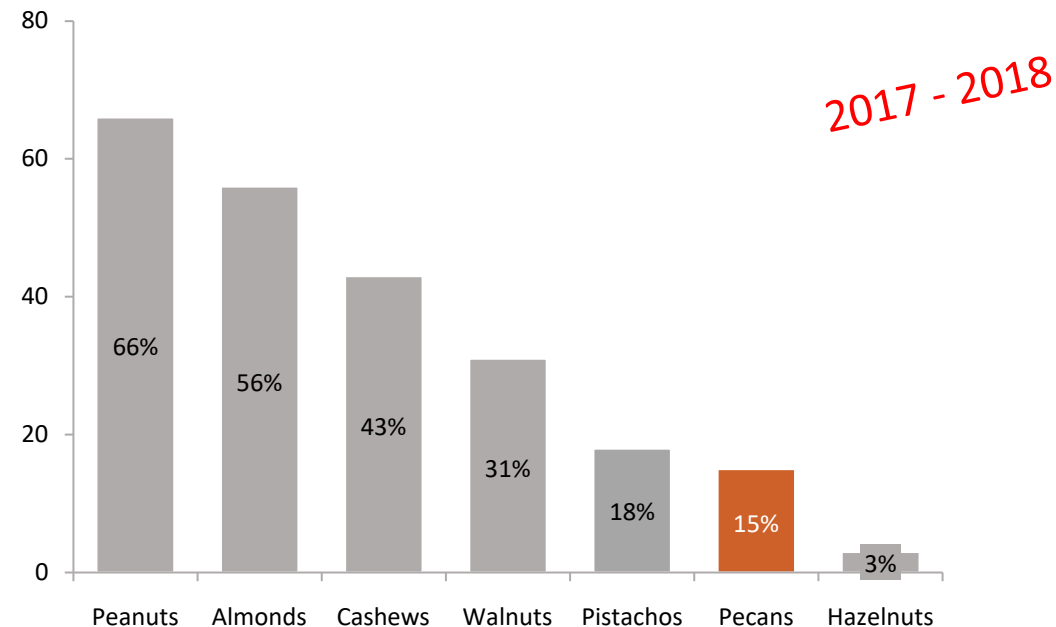


1. Pre-pandemic

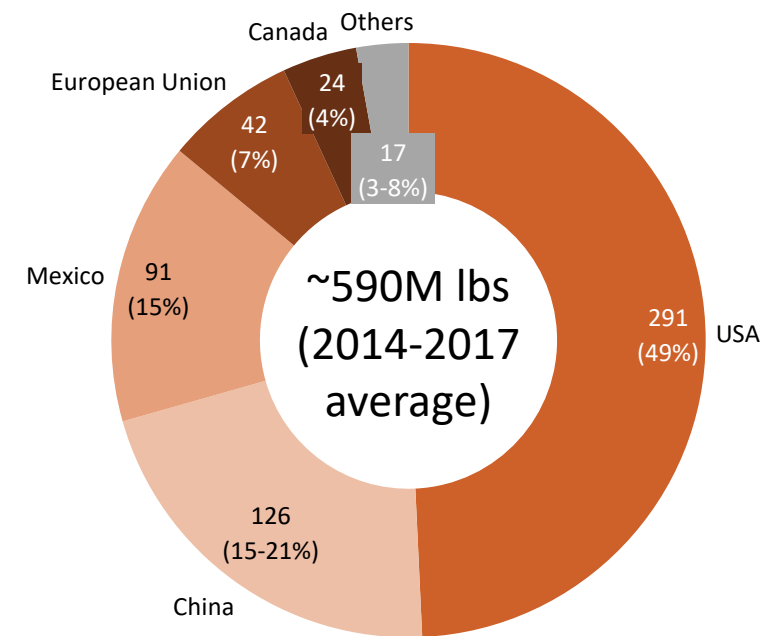
...and pecans as a category have room to grow consumption and share of mind with consumers, both in major markets and markets around the globe

Consumer top of mind recall low vs other tree nuts

% of U.S. consumers who hold pecans "top of mind"
(Within first 3 tree nuts they recall)



Recent composition of global consumption (inshell basis)¹



**Significant opportunity to expand market share, both in major existing markets and internationally;
Less than a third of overall consumption comes from non pecan-producing countries**

1. 2014-2017 consumption: INC consumption data triangulated with trade flow analysis (USDA, SIAP, SAPPA, other sources)

*Approximate consumption data; actual number may differ from other analyses due to data source. Numbers may not tie due to rounding.

Sources: INC Statistical Yearbook 2017-2018; Weber Shandwick Consumer Data

Growing demand requires marketing to end consumer to generate pull throughout the entire value chain

Pecan value chain



Grower



Sheller



Processor



Retailer



Consumer

APC focus

Pecan stakeholders

Customer

End purchaser

"Push" marketing efforts:

- Trade shows
- Point-of-sale promotions

"Pull" marketing efforts:

- Digital and social campaigns
- Branding and packaging

Our vision is to link what we promote to consumers' choice for
American Pecans at point of sale

TO WIN IN THE NEAR- AND LONG-TERM, WE MUST ALSO LEVERAGE AMPLIFIED CONSUMER BEHAVIORS

Many new behaviors as a result of COVID-19 are projected to remain

MORE COOKING & BAKING



54%

of consumers say they are cooking more during isolation due to COVID-19

MORE SNACKING



39%

increase in snack category sales, including chips, crackers, candy, nuts in mid March and higher frequency of snacking

MORE HEALTH



2X

YOY increase in consumer searches for food-based immunity boosters and growth of plant-based protein

MORE LOCAL

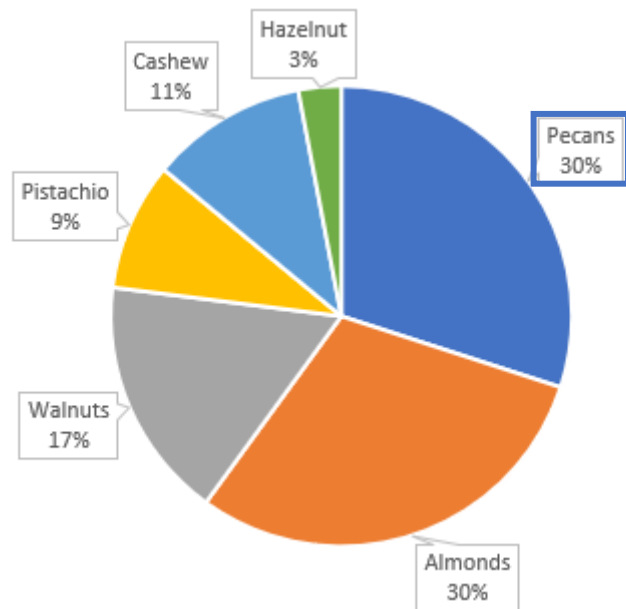


45%

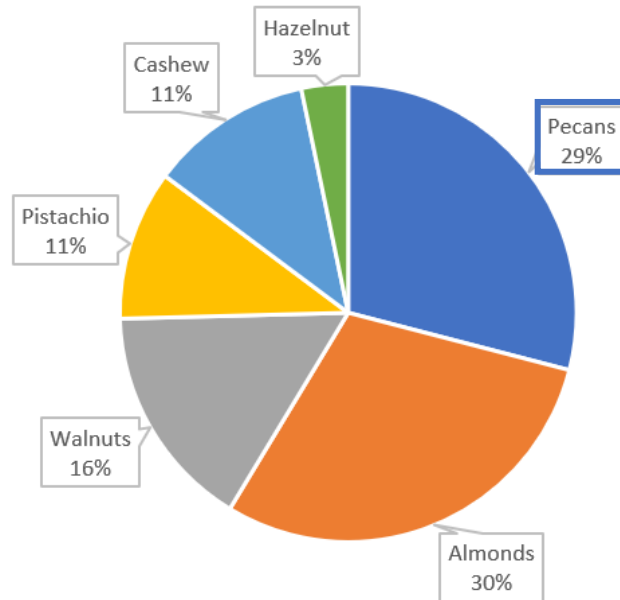
increase in Google searches for local produce between February and April 2020

STRONG SHARE OF VOICE AND FEATURE STORY DOMINANCE

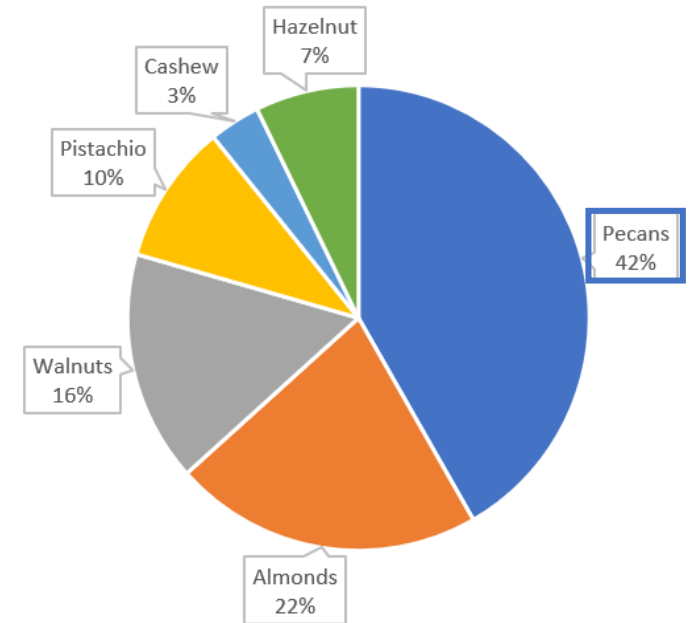
Pecans gained **#1 SOV** during the Super Safe Debate*



Pecans trailed Almonds **by just 1 point** during the Holiday Season**



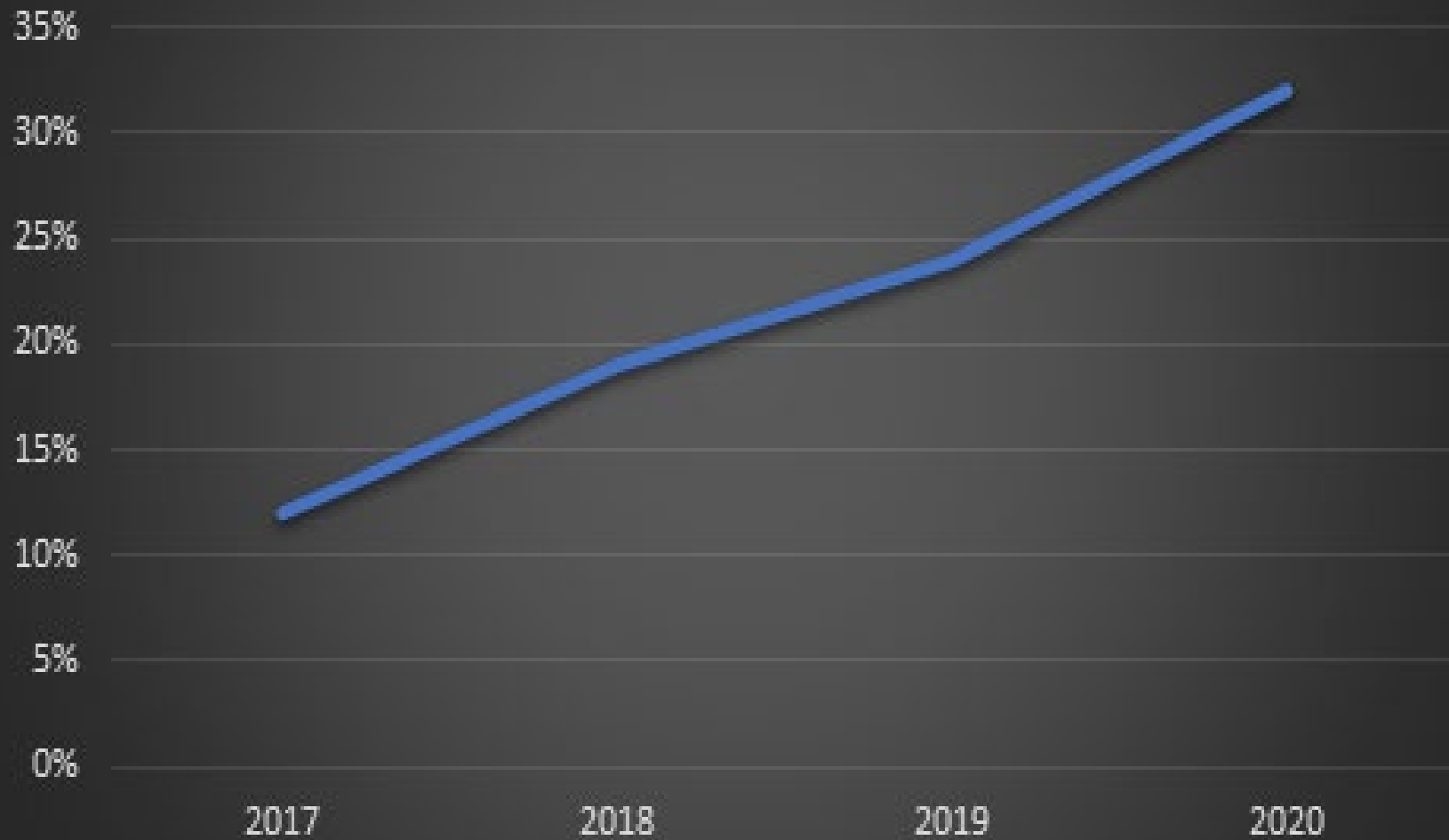
Pecans dominated feature stories throughout Q1



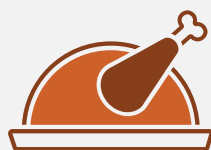
*Super Safe Pecan Debate: Oct. 27 – Nov. 12
Pecans mentions: 8,194 | Almonds mentions: 8,186

**Holiday Season: Nov. 1 – Dec. 31

PECAN SHARE OF VOICE



PECAN SHARE OF VOICE SINCE THE FMO



Pecans have become the **most talked about nut** during the holidays



...pecans have dominated the holidays



...prices have
grown or
sustained

+11%

Higher prices for pecans
have yielded higher profit
for growers



“ The average price of pecans
has been about 24¢ / lb (11%)
**above the price to which it
might have fallen** without
marketing.

- Fair Act Study

In only four years, we've delivered
promising results for the industry...

Average commodity return on advertising¹

6.9x

APC return on advertising

9.9x

+43%

...and we have **more work to do for you.**

1. Weighted average BCR of commodities is 6.9; e.g., with almonds at 6.2, peanuts at 10.4, and soybeans at 5.2

2. Source: Economic evaluation of the effectiveness of pecan promotion

The APC has put industry dollars to work, rapidly boosting demand for pecans

The APC has been an integral advocate for pecan growers to effectively boost pecan popularity

In only four years...



...demand for pecans has accelerated, with 36% growth in consumption



...prices have grown or sustained at a level 11% higher than without APC marketing



...grower's money has been put to good use, with a ~10x return on every marketing dollar



...inventory has been moving



...export volumes have grown



...pecans have dominated the holidays, becoming the most talked about nut

Research suggests that these benefits will continue if the APC marketing is sustained

- The average return of commodity advertising is 6.9x, but the APC is currently at 9.9x, suggesting the industry is responding strongly to marketing¹
- The APC has demonstrated responsible spending, putting \$0.75 of \$1 directly into marketing

1. Weighted average BCR of commodities is 6.9; e.g., with almonds at 6.2, peanuts at 10.4, and soybeans at 5.2

2. Source: [Economic evaluation of the effectiveness of pecan promotion](#)



*Many industry firsts
have come from the APC*

- Pecan Congress
- Quality Assurance Program
- Native Certification
- Crisis Communication for American Pecans
- Ability to audit handlers to ensure level playing field
- Foundation of research & data



*We have much more planned
to promote and benefit American Pecans*

- Collaboration with APPB (additional resources)
- International Collaboration, knowing your competitors
- Expand Consumer Research for American Pecans
- Solidifying domestic and international markets for American Pecans
- Expand on being #1 resource for industry data



THANK YOU

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