



# Consumer Trends and Dairy in a Changing Landscape

July 2020

# Market Research Sources

## DATA AND RESEARCH REPORTS:

- Information Resources Inc. (IRI)
- Mintel
- Global Data
- Innova Market Insights
- Edelman
- Dairy Management, Inc.

*Market research is all information used to identify and define market opportunities. This can be in the form of survey data, sales data, syndicated reports, etc. Insights are the interpretations and/or key takeaways that come from analyzing and synthesizing the research.*



Bringing Dairy to Life!

1. **The Evolution of the Dairy Consumer**
2. Top 3 Consumer Trends Impacting the Future of Dairy
3. What it all Means

# Questions consumers had 10 years ago about dairy...



How many calories are in it?

Is it fat-free?

Which celebrities are drinking it?

# Questions consumers today have about dairy

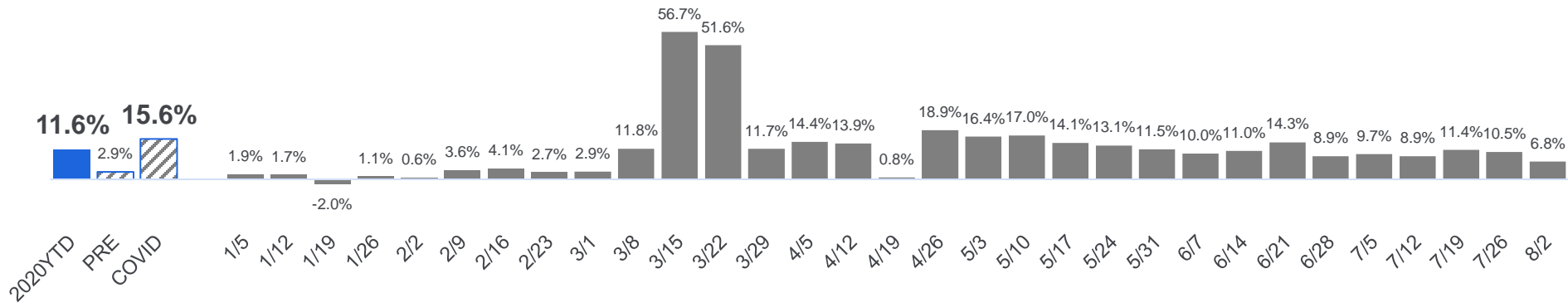
*Q: If you could ask a dairy farmer anything, what would you ask?*



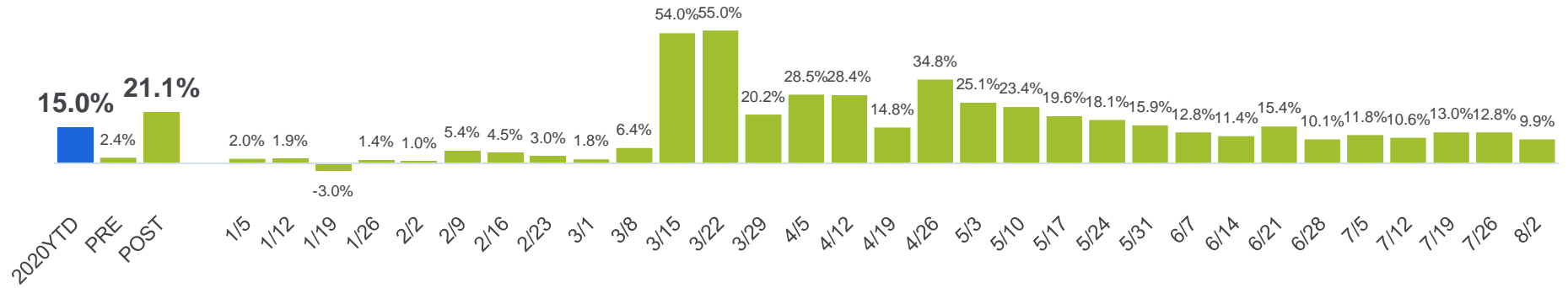
Can we grow dairy  
demand within this  
changing consumer  
landscape?

# Dairy has proven growth is possible

## TOTAL STORE % Dollar Change vs. Same Period Year Ago



## TOTAL DAIRY % Dollar Change vs. Same Period Year Ago





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# 1. Holistic Health and Wellness

*Strong connection between physical, emotional and environmental wellness*

# Consumers view health as holistic

Consumers are making a strong connection between food and holistic wellness

73%



“What I eat impacts my emotional wellbeing”

86%



“What I eat impacts my physical wellbeing”

81%



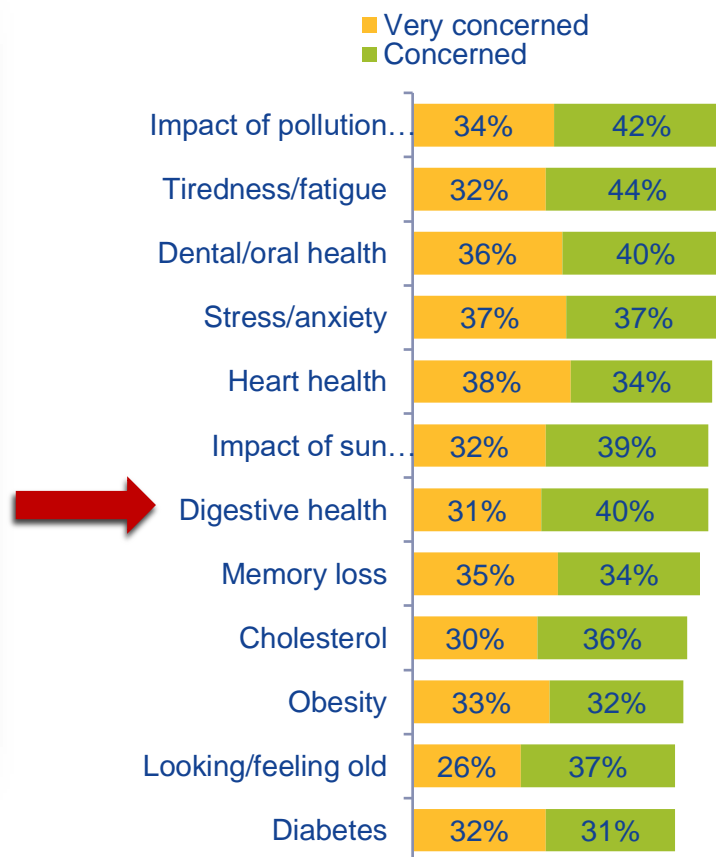
“Living a ethical or sustainable lifestyle is important in creating a feeling of wellness”

# Immune and digestive health driving consumer interest in probiotics and fiber

71% of global consumers are concerned about digestive health



*Global: How do you feel about the following issues? 2019*



# Health and wellness will be even more important to Millennials in the future

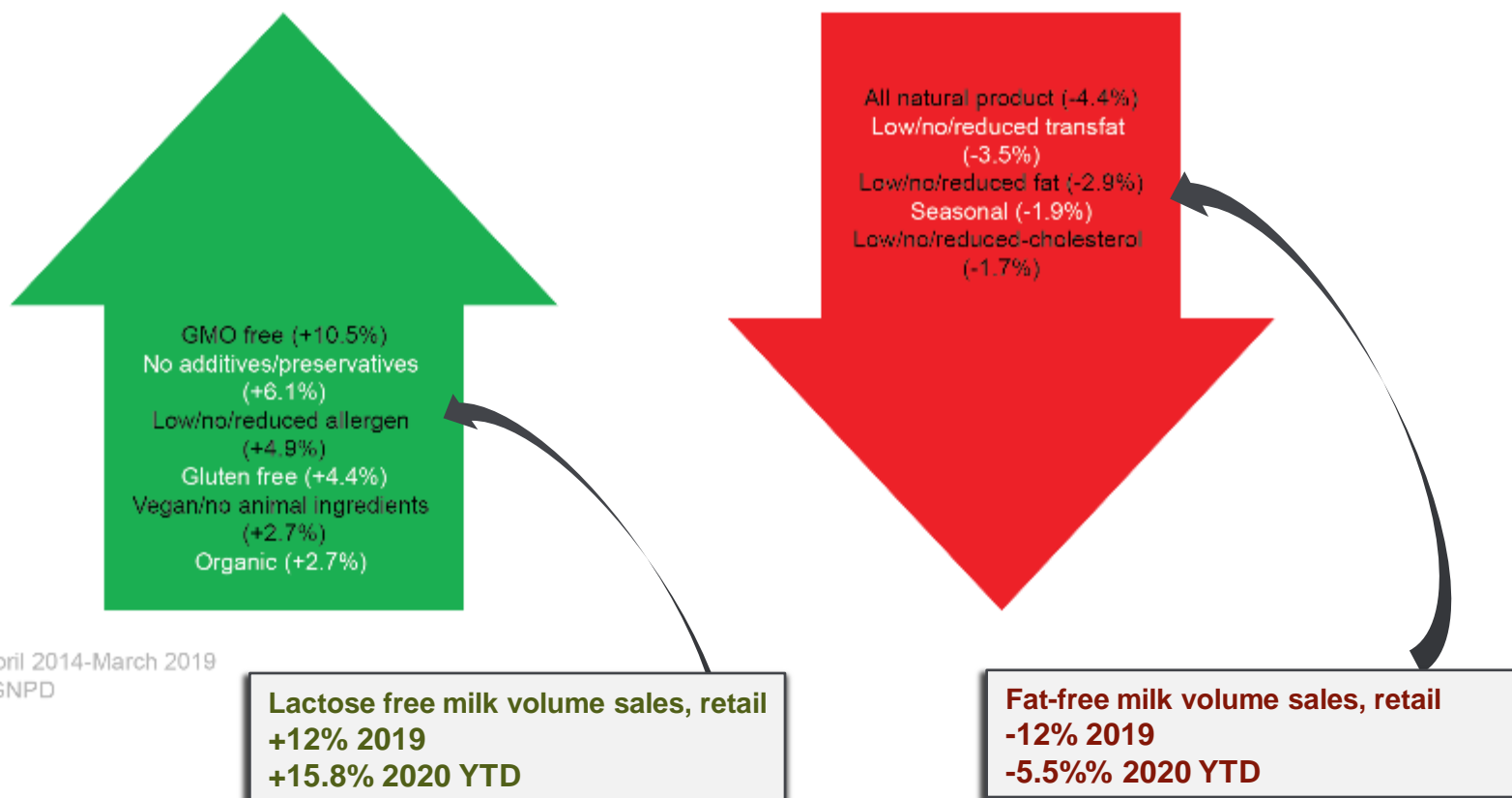
Total consumer responses to a weekly survey report their anticipated changes in behavior based on COVID-19. Millennials frequently over index compared to total generational responses. They are more likely to attend large events, to eat healthier post-pandemic, limit visits to stores, focus on fitness and personal health, as well as disinfect more at home.

Lesser Shift	Moderate Shift	Bigger Shift
<ul style="list-style-type: none"> <li>11% - plan fewer trips to other countries</li> <li>12% - travel less</li> <li>18% - attend large events less often Gen Z or Younger Millennial (18 to 29) (115 index)</li> <li>18% - avoid social gatherings</li> </ul>	<ul style="list-style-type: none"> <li>22% - change my eating habits to be healthier Gen Z or Younger Millennial (18 to 29) (163 index)</li> <li>23% - limit shopping in stores Gen Z or Younger Millennial (18 to 29) (118 index)</li> <li>24% - focus on fitness / working out more often Gen Z or Younger Millennial (18 to 29) (146 index)</li> </ul>	<ul style="list-style-type: none"> <li>31% - focus more on my health Gen Z or Younger Millennial (18 to 29) (117 index)</li> <li>39% - use HH disinfecting products more often Gen Z or Younger Millennial (131 index)</li> <li>40% - use hand sanitizer more often</li> <li>58% - wash hands more frequently / thoroughly</li> </ul>

# Consumers are looking for an absence of certain “negatives”

74% of consumers consider artificial preservatives to be harmful to health

FIGURE 19: FOOD AND DRINK CLAIMS BY FASTEST GROWING/DECLINING SHARE OF LAUNCHES, 2015-19\*

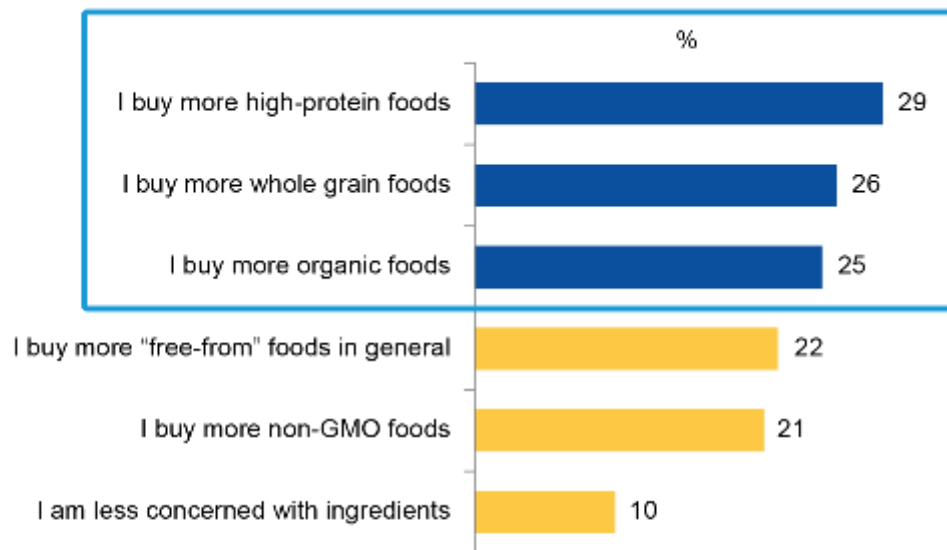


\* rolling years April 2014-March 2019  
Source: Mintel GNPD

# Ultimately there is more concern with ***what's in*** food than what's not

FIGURE 42: SHOPPING BEHAVIOR CHANGES OVER ONE YEAR AGO, APRIL 2019

*"Which of the following statements apply to you now compared to one year ago?  
Please select all that apply".*



Base: 2,000 Internet users aged 18+  
Source: Lightspeed/Mintel

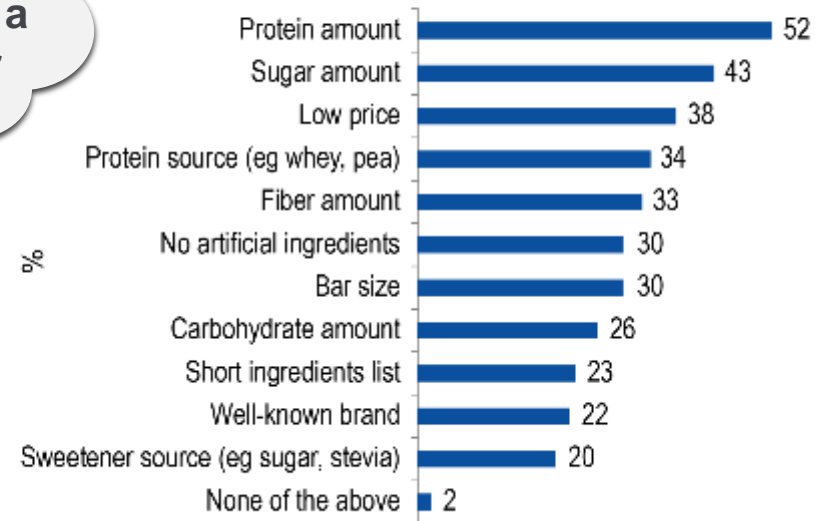




# High protein and low sugar are important food attributes

25% of consumers say protein is a synonym for healthy

*"Which of the following attributes are important when choosing snack, nutrition or performance bars? Please select all that apply."*



## 2. Meaningful experiences

*Food brings comfort and enjoyment*



**“Change is hard at first,  
messy in the middle, and  
gorgeous in the end.”  
~Robin Sharma**



# Shift to in-home meals from scratch

42% of consumers are cooking/baking from scratch at home more and 65% of consumers say that after stay-at-home restrictions end, they plan to continue eating at home more often (April 2020)



# Healthy snacking is on the rise

95% of U.S. adults snack daily and 70% do so 2+ times per day (2019)

FIGURE 4: SNACKING BEHAVIORS AND ATTITUDES, BY PARENTAL STATUS, AUGUST 2019

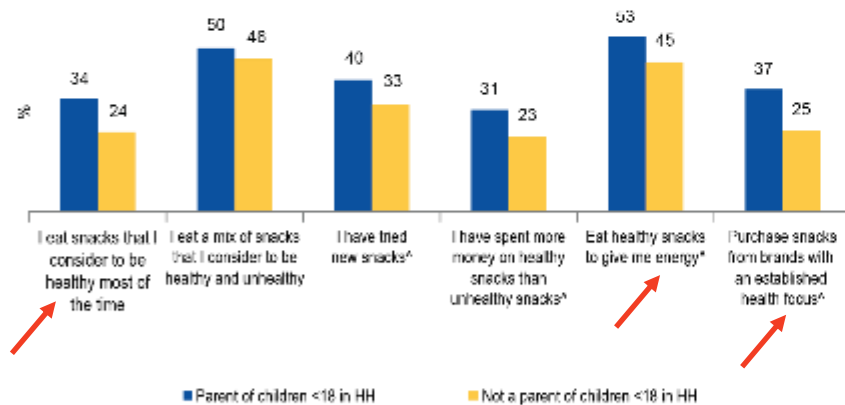
"Which of the following best describes your snacking habits?"

"Which of the following statements best describe how you've purchased or prepared snacks in the last 12 months?"

Please select all that apply.

"Why do you eat healthy snacks? Please select all that apply."

"Which of the following statements apply to you? Please select all that apply."



Innova, US March 2020



# Looking for new food experiences with flavor and texture innovation

Due to COVID-19, consumer interest in flavor innovation is “on hold” but not canceled

Natural lime  
flavor +14%  
2017-2019



US April 2020



# Foresight: Nitrogen-Infused Food

Food-makers are beginning to add liquid nitrogen to food products, including ice cream, desserts and snacks to turn consumption into more an experience worth sharing on social media



*Innova, US August 2019*



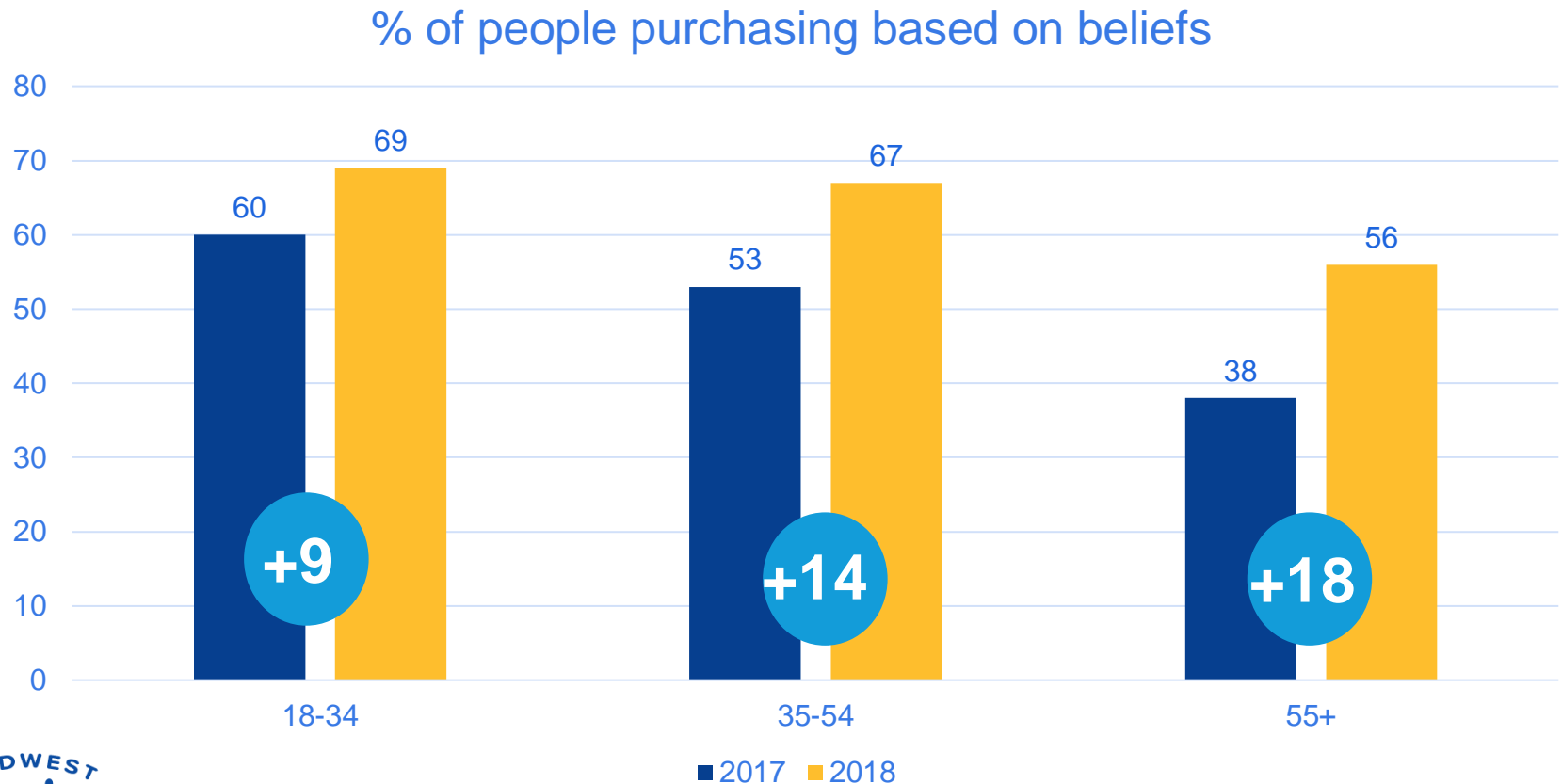
*US February 2020*

# 3. Empowerment to make informed decisions

*In this complex environment, consumers want to make the best decisions possible for themselves, their family and the environment*

# The rise of conscious consumerism

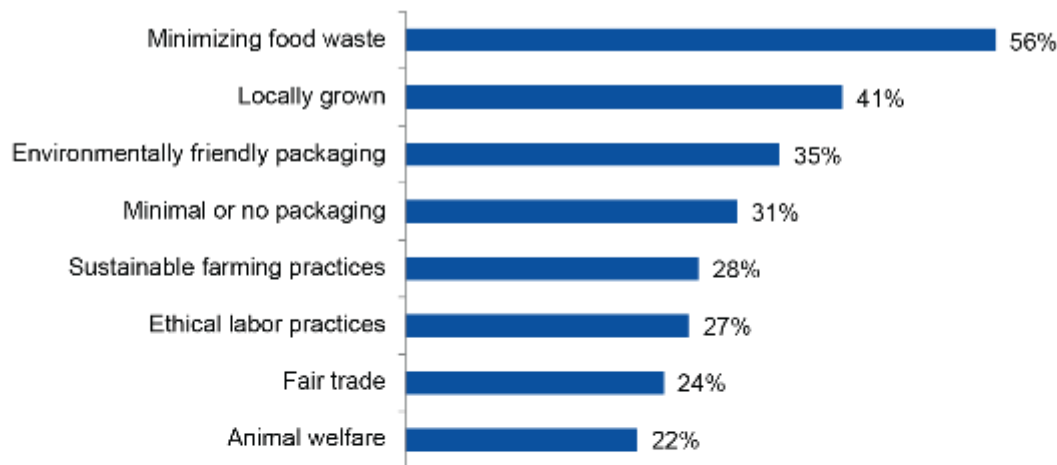
The *majority* of consumers at all ages purchase based on their beliefs



# Minimizing food waste, locally grown and environmentally friendly are most desired ethical claims

FIGURE 14: IMPORTANCE OF ETHICAL CLAIMS - NET: ANY MEAL TYPE, OCTOBER 2019

*"Which of the following criteria do you consider when selecting foods for each of these situations?" Please select all that apply for each situation."*



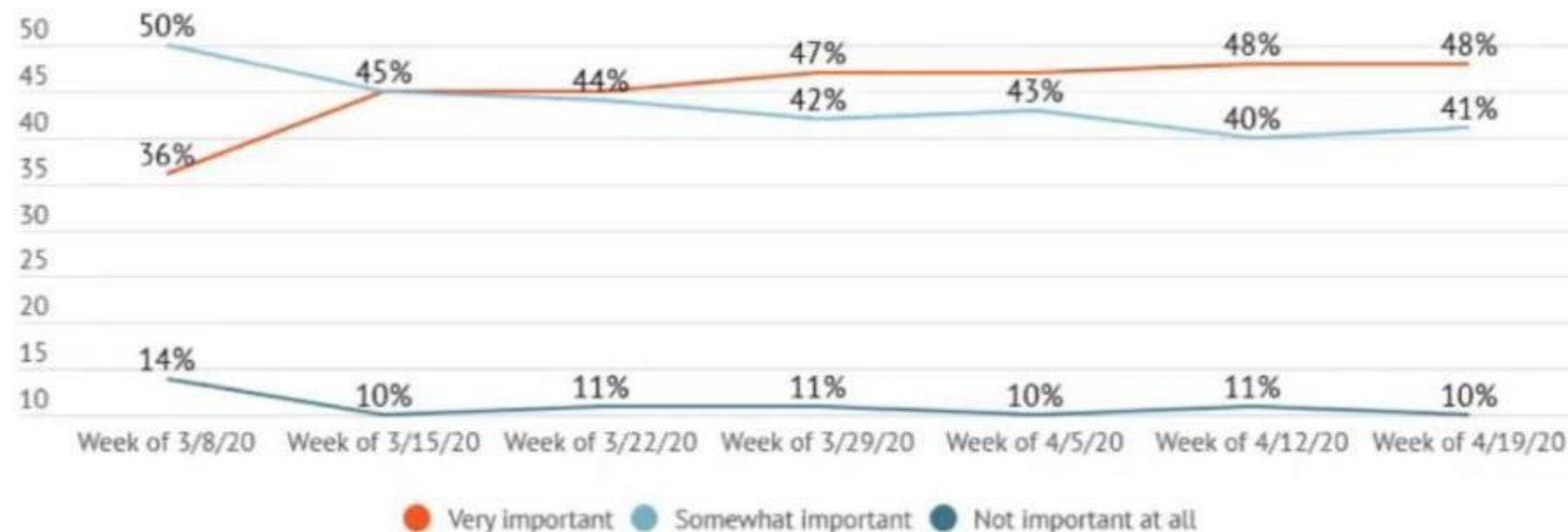
Base: 2,000 Internet users aged 16+  
Source: Mintel GNPD





# Local has never been more important

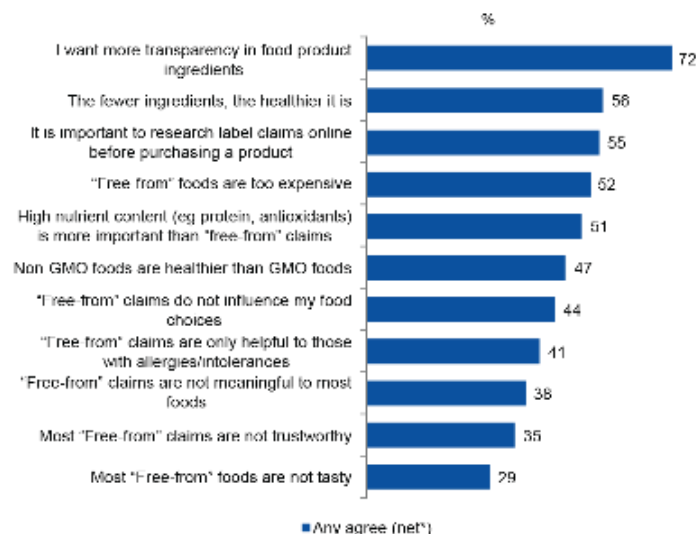
*How important is it to you to shop at locally-owned establishments?*



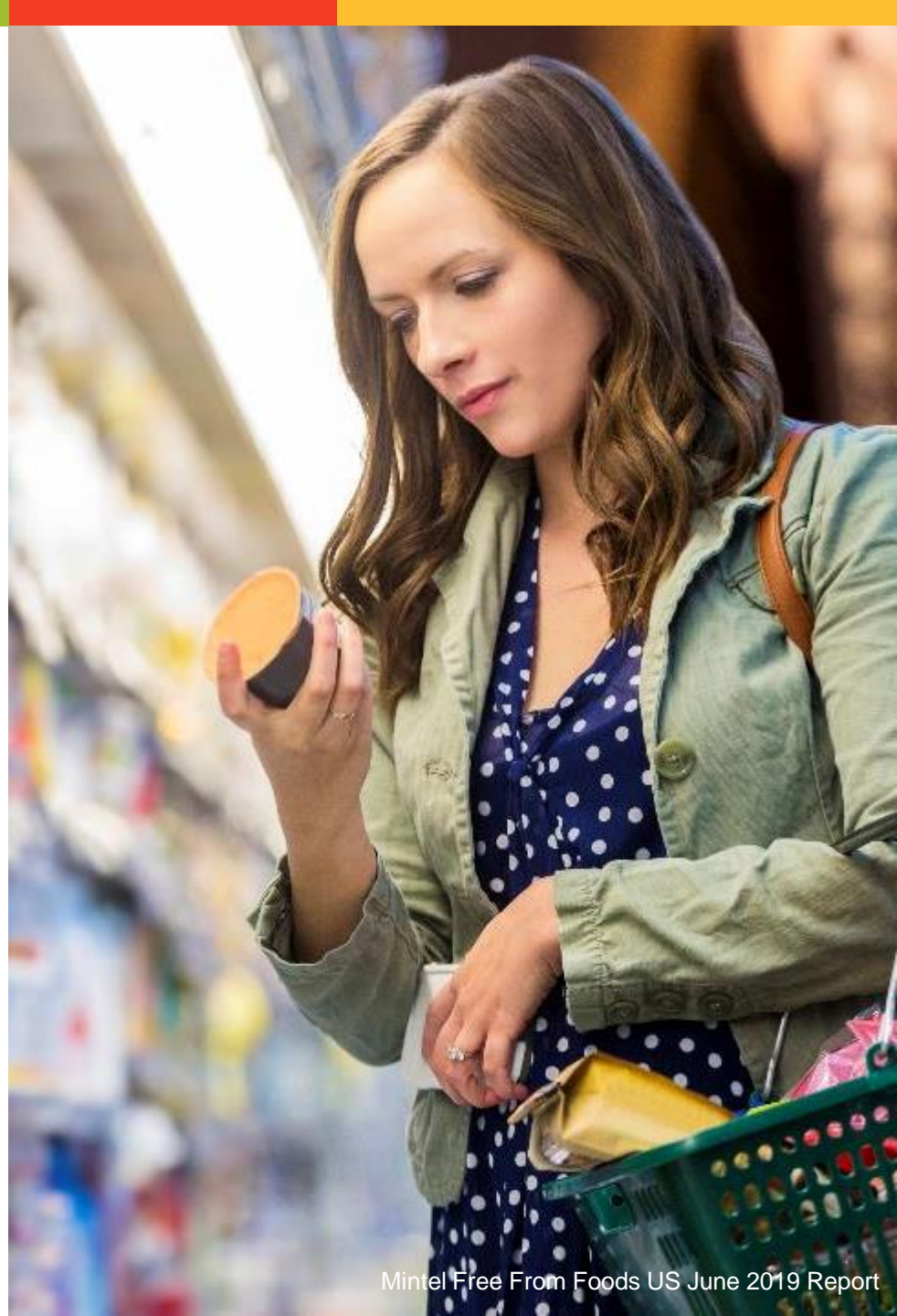
# Consumers want transparency and simplicity

72% of consumers say they want more transparency in food ingredients; Over half believe the fewer ingredients the healthier food is

*"How much do you agree or disagree with the following statements about food?" - Any Agree (net\*)*



Base 2,000 Internet users aged 18+  
\* net of strongly agree, somewhat agree  
Source: Lightspeed/Mintel



# Consumers' interest in short, recognizable ingredients has paved the way for dairy

35% of consumers believe the healthiest ice creams are those with the simplest ingredients

Dietary Fiber 0g	0%
Total Sugars 12g	
Includes 0g Added Sugars	0%
<b>Protein 8g</b>	
Vitamin D 3mcg	15%
Calcium 280mg	20%
Iron 0mg	0%
Potassium 320mg	6%
* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.	
<b>INGREDIENTS:</b> CERTIFIED ORGANIC GRADE A MILK, VITAMIN D3.	
<b>CONTAINS:</b> MILK.	



# Sustainable product attributes matter

## What we've seen

**67%**

of consumers indicate no change in priorities in caring for the environment since Covid-19 and 25% indicate caring for the environment is a higher priority

**40%**

of consumers indicate that recyclable packaging elements are important when purchasing food and drink

**64%**

of consumers indicate they believe food/beverage manufacturers are responsible for environmentally friendly food/beverage choices, 56% believe packaging manufacturers are responsible and 38% believe food/beverage retailers are responsible





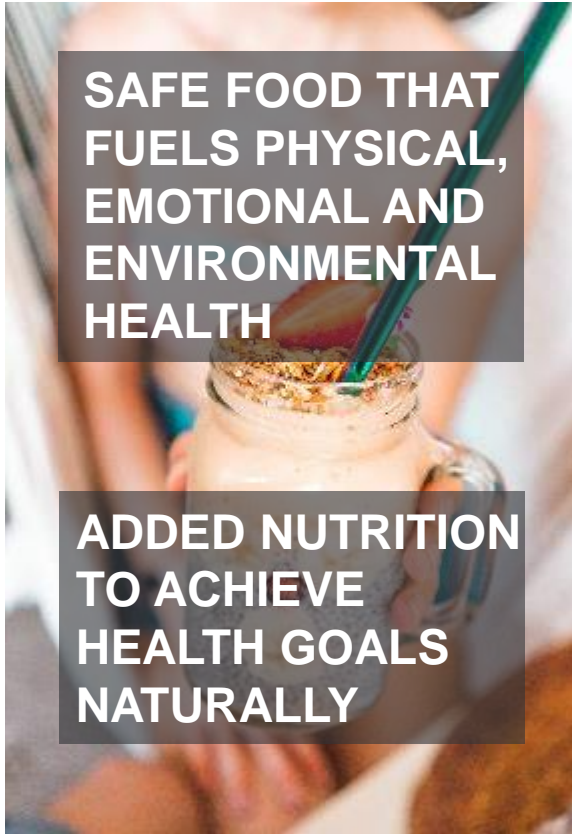
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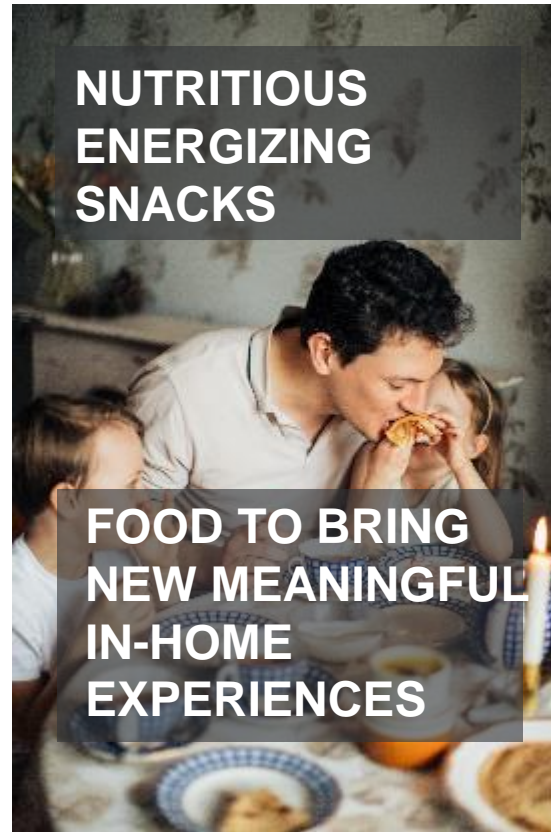
# Key takeaways

## Consumers want

### Health



### Experiences



### Information



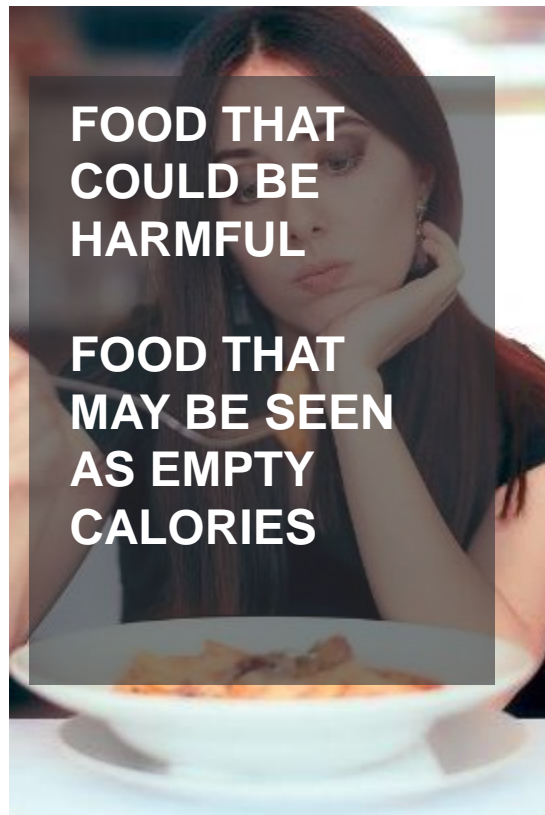
# Key takeaways

## Consumers don't want

### Certain Ingredients



### High Risk



### Disconnect



# Retail Implications

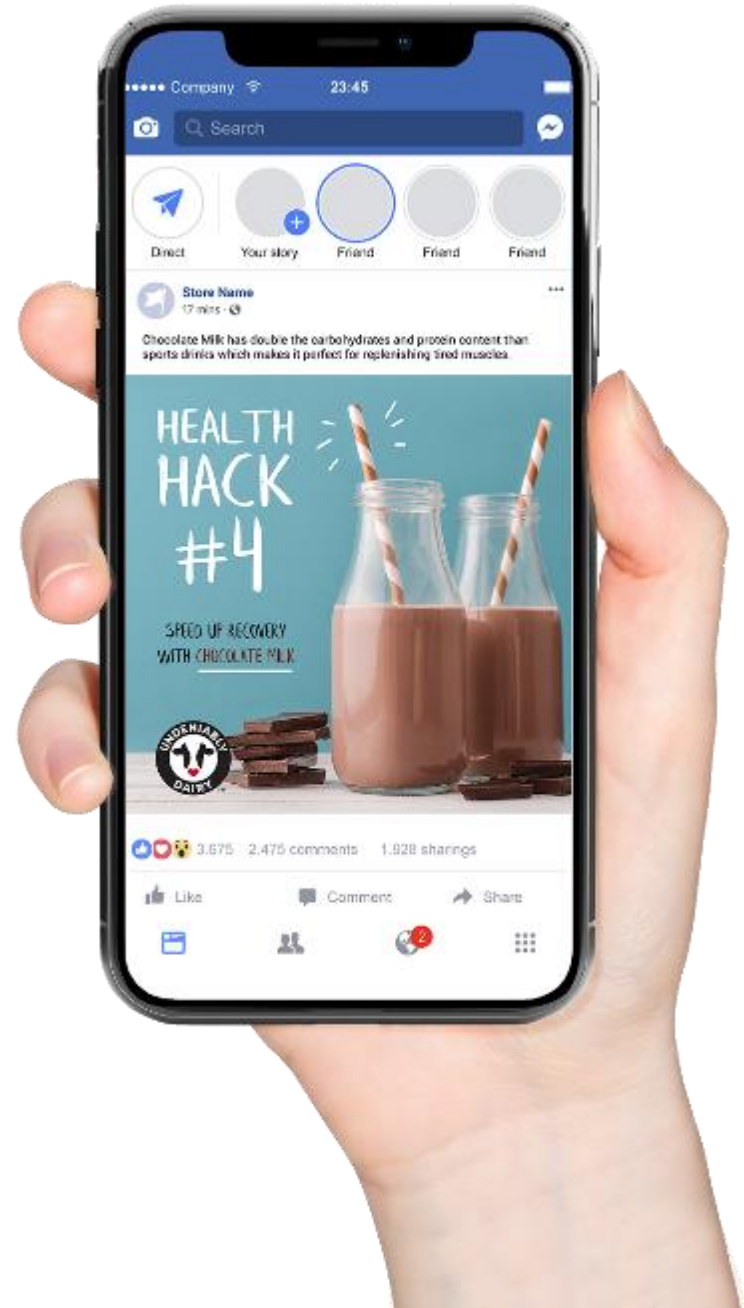
*Let's review a few ways this can be implemented*



# Dairy as a Wellness Event

Meet the evolving lifestyle demands of your shopper

Hosting a Dairy Wellness Week across events and social media helps educate your shoppers, enabling them to feel great about the nutritious benefits of incorporating dairy into their everyday lifestyles.



# Dine Out @ Home

Supplementing the dine-out experience and exciting shoppers to dine at home

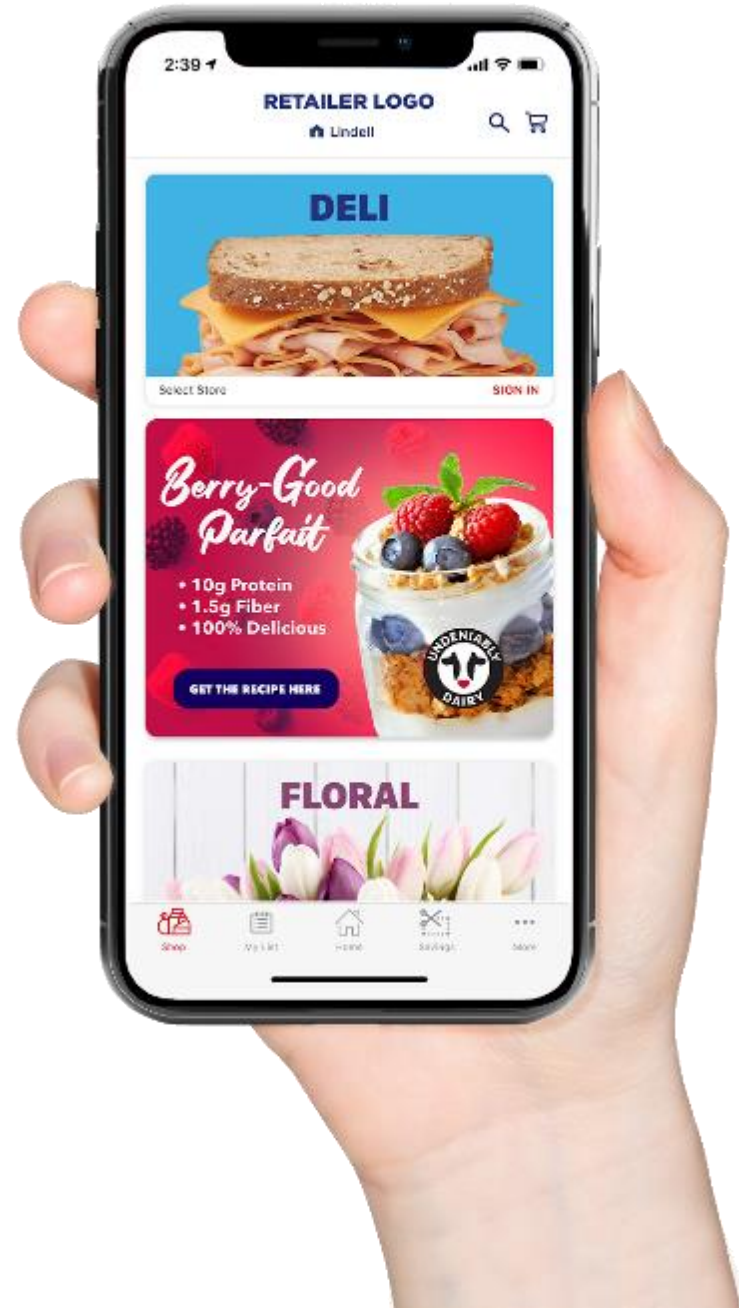
Inspiring shoppers and garneting excitement about recreating the dine-out experience right in their kitchen through ease of use with meal kits.



# Address Shoppers Need For Snacking

Capitalizing on the rise of snacking demands

Cross promoting categories with dairy at the center, we can support a shopper's desire to snack better and build basket size with different ideas on how to Snack Smarter.



# Get Shoppers Educated On Dairy

Educate shoppers on the wellness and feeling good about choosing dairy

Educate shoppers in a fun and engaging manner with a **Do You Know Dairy? Shopper program.**

Engage with retail-tainment by delivering fun and fascinating facts on dairy that will change perceptions and fuel dairy category sales





# Contact us



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# Questions?



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