



Consumer Trends and the Impact on Dairy in 2021

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Your consideration and full compliance with these guidelines is expected, both while in attendance at meetings of Midwest Dairy including but not limited to its Board or Committees, and at all times in your business.

Research is a compass, not a crystal ball.



A dynamic splash of white milk against a light background, with a thick stream of milk pouring from the top right corner. The splash creates various droplets and ripples, giving a sense of motion and freshness.

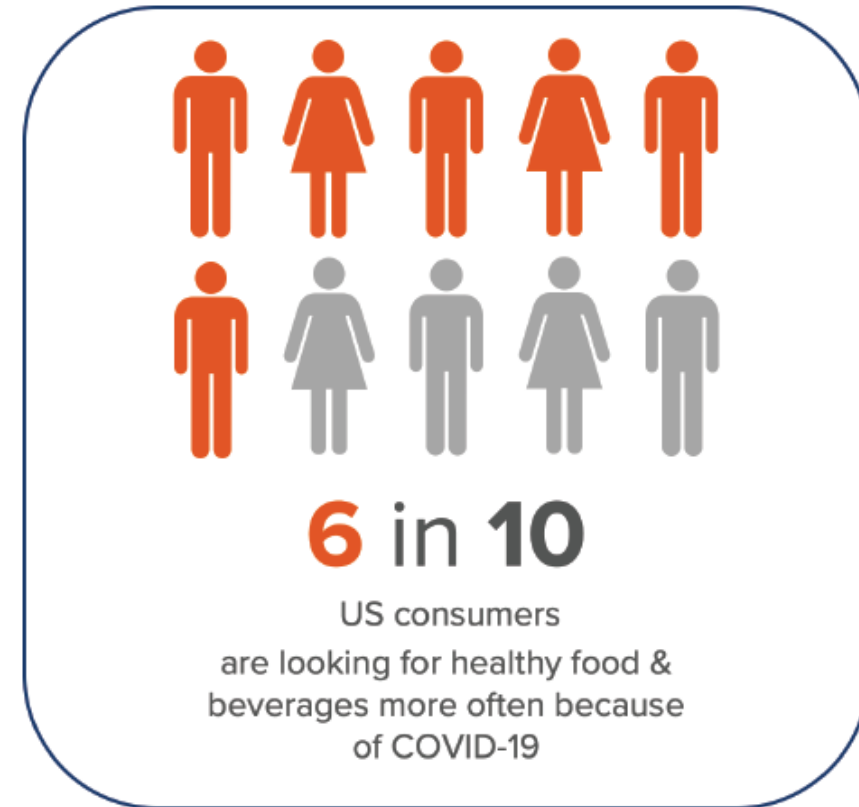
What consumer trends will impact dairy in 2021 and beyond?

Health and Wellness Redefined

A broader definition of health.

Health has been redefined because of COVID-19.

% of US Respondents, June 2020



Consumers are looking for *simple solutions* for making healthy choices.

Palate-Training Kits to reset palates and make healthier choices



Daily Dose Meal Kits: High-protein meals designed to boost your immune system

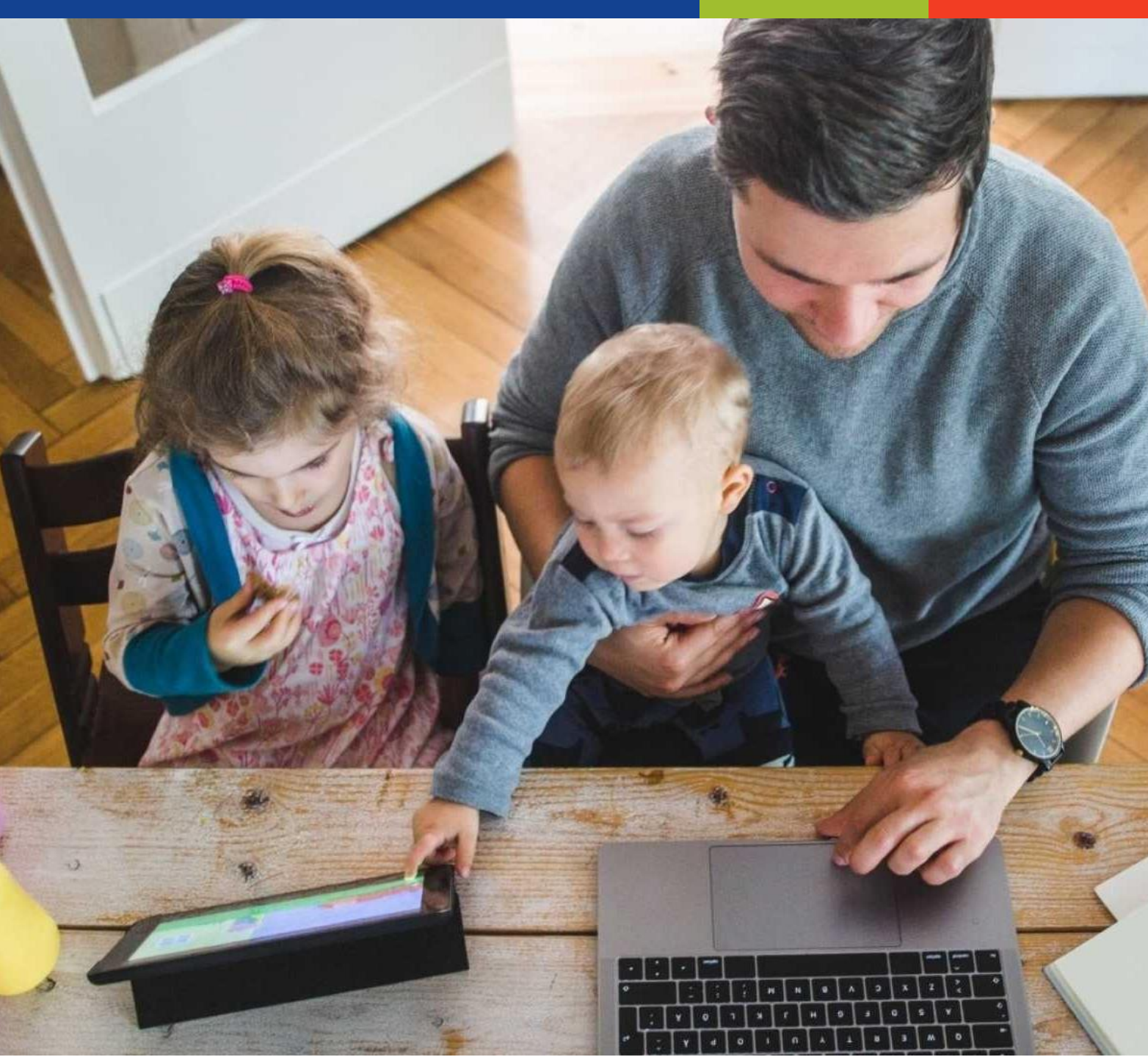
YOUR HIGHEST HEALTH EVERYDAY.

KETOTARIAN®
BY DR. WILL COLE

Use fat as fuel with this plant forward meal plan. Optimize your body with a wide variety of vegetables, sustainable seafood, farm eggs, and healthy fats.

ENTER KETOSIS

A plate of food featuring a grilled avocado, a fried egg, and a salad with tomatoes and leafy greens.



Eye health, stress relief and digestive health are now top “I should” claims for consumers.

36%

of consumers are concerned about the effect of electronic screens on their vision.

Source: Mintel Food and Drink Nutrition Claims: Incl Impact of COVID-19, US, December 2020. Base 2,000 Internet users aged 18+ Lightspeed/Mintel

Real food, without the sugar.

As awareness about health issues associated with high sugar consumption increases, consumers begin to pay more attention to their sugar intake.

Ketchup naturally sweetened with fruits and veggies



Lactose-free easy to digest yogurt



Plant-based children's snack free from added sugar



Everything in moderation.

This trend has been proven by the alcohol category.

Interest in low and no ABV drinks has grown by

332.6%

In the past five years.

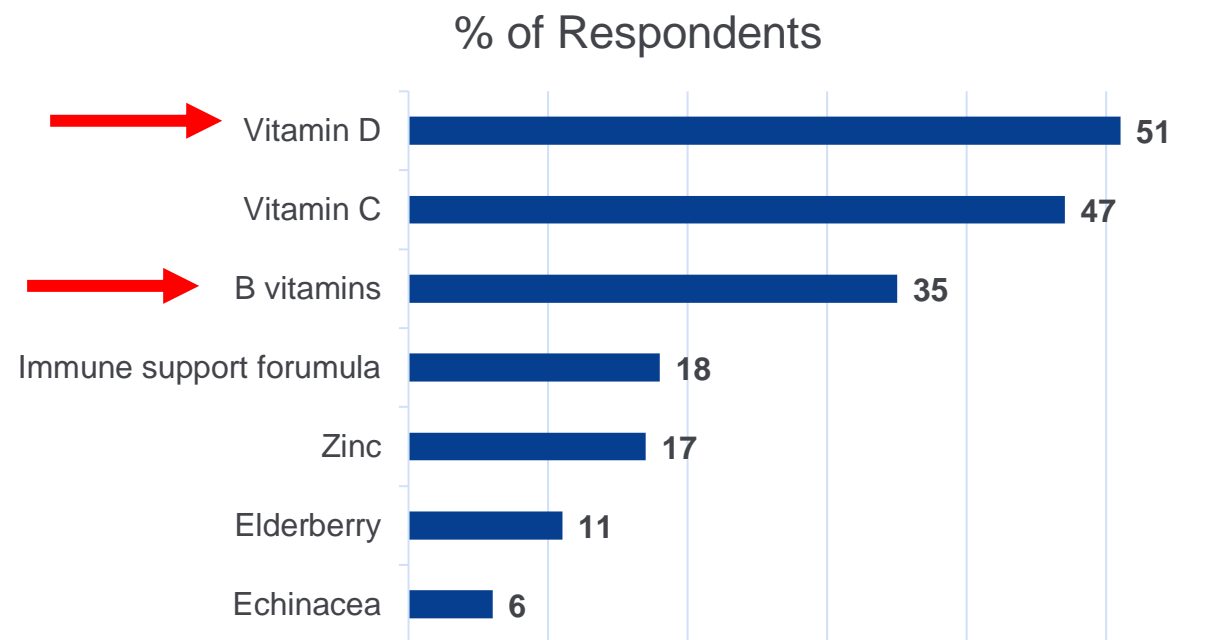


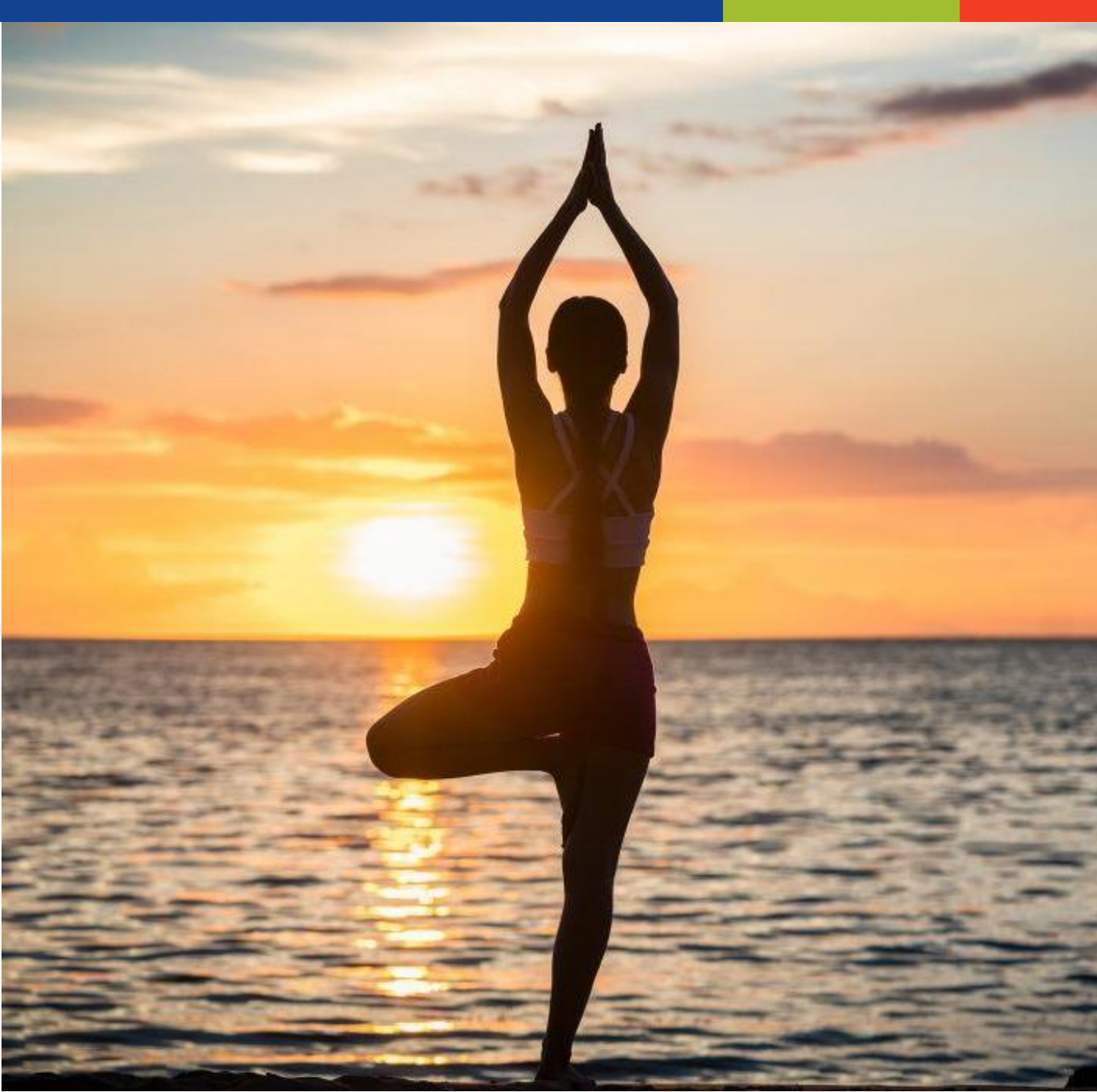
Consumers are in tune with their immune health.

Ongoing anxiety stemming from COVID-19 will continue to push consumers toward prioritizing their immune health. Instead of changing their diet dramatically, consumers will adopt preventive measures.



“Which of the following vitamin, mineral or supplement products have you taken since the beginning of the year (i.e., January 2020)? Please select all that apply.”





A shift to holistic vision of wellness for everybody.

Alleviation of physical illness



Proactive support of physical, mental and emotional health

One size fits all



Personalized wellness

Mitigating effects of aging



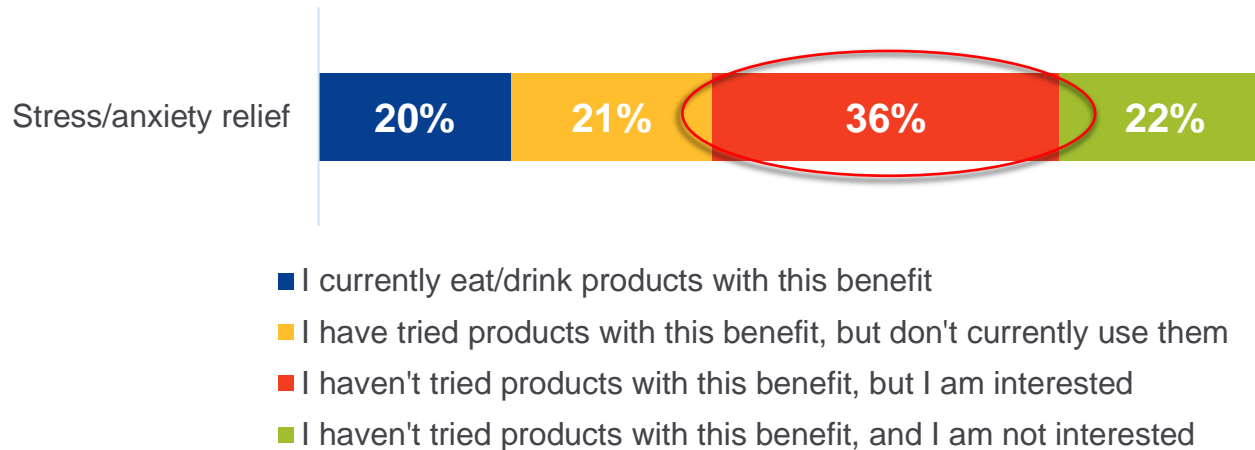
Longer life spans, lived well

Source: The Hartman Group Functional Food, Beverage & Supplements, August 2020

Growing interest in food and beverages with mood boosting benefits.

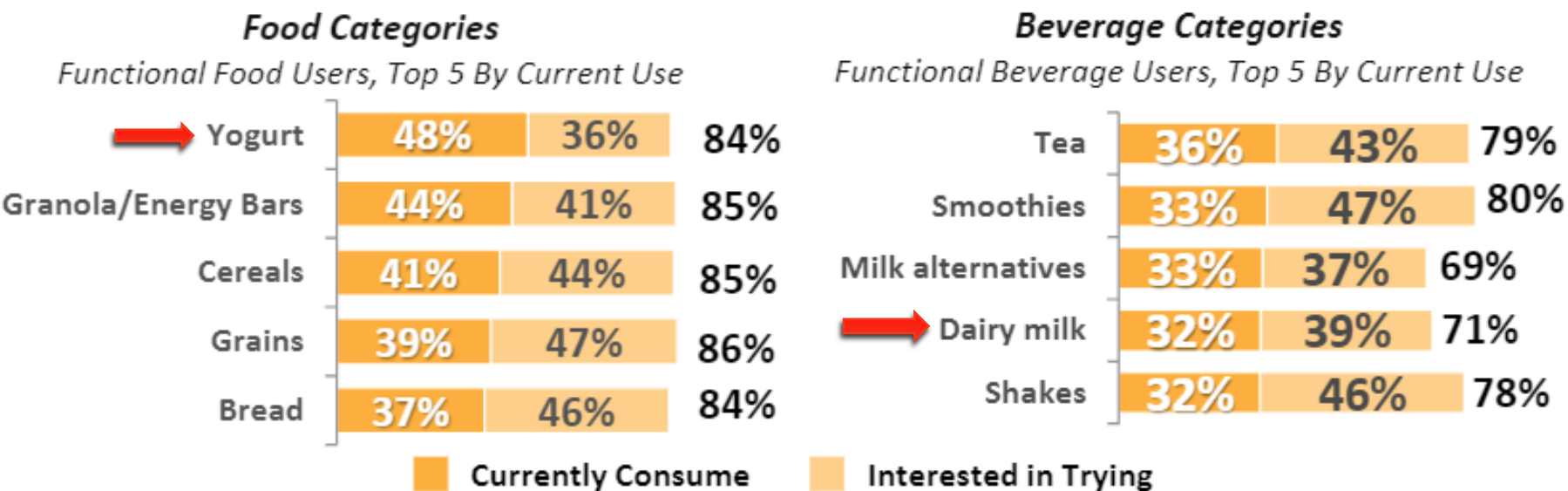
The anxiety and stress caused by the pandemic is driving recognition of the need to address mental wellness.

Experience and interest in product benefits



Interest in functional upgrades to routinely consumed food and drinks corresponds with consumer desire to make health eating easier.

Desire for Added Functionality in Key Dairy-Related Categories



Growing consumer interest in holistic health benefits positions dairy for messaging opportunities.

*“Please select the top **THREE** benefits you feel dairy products provide your personal wellness. Dairy products improve my...”*



- 41%** Gut/Digestive health
- 40%** Immune system
- 35%** Energy level
- 21%** Mental wellbeing
- 21%** Brain
- 18%** Skin
- 17%** Sleep
- 14%** Stress level
- 10%** Complexion
- 9%** Eyes

Connectivity

Meaningful experiences mean more.

The majority of consumers are concerned about restrictions on socializing with friends & family.

Online platforms will develop new technologies that facilitate more authentic interactions.
Retailers will deliver more personalized experiences.

“How concerned are you about the following factors?”

For “Restrictions on socializing with my friends and family.”

- 26%** Extremely concerned
- 37%** Quite concerned
- 23%** Slightly concerned



Meaningful experiences, mean more.



Build Back Better

Ethics and the environment playing a key role in consumer buying.

Companies big and small are working to solve environmental issues.

Deliver Zero launched in NYC
120 participating restaurants

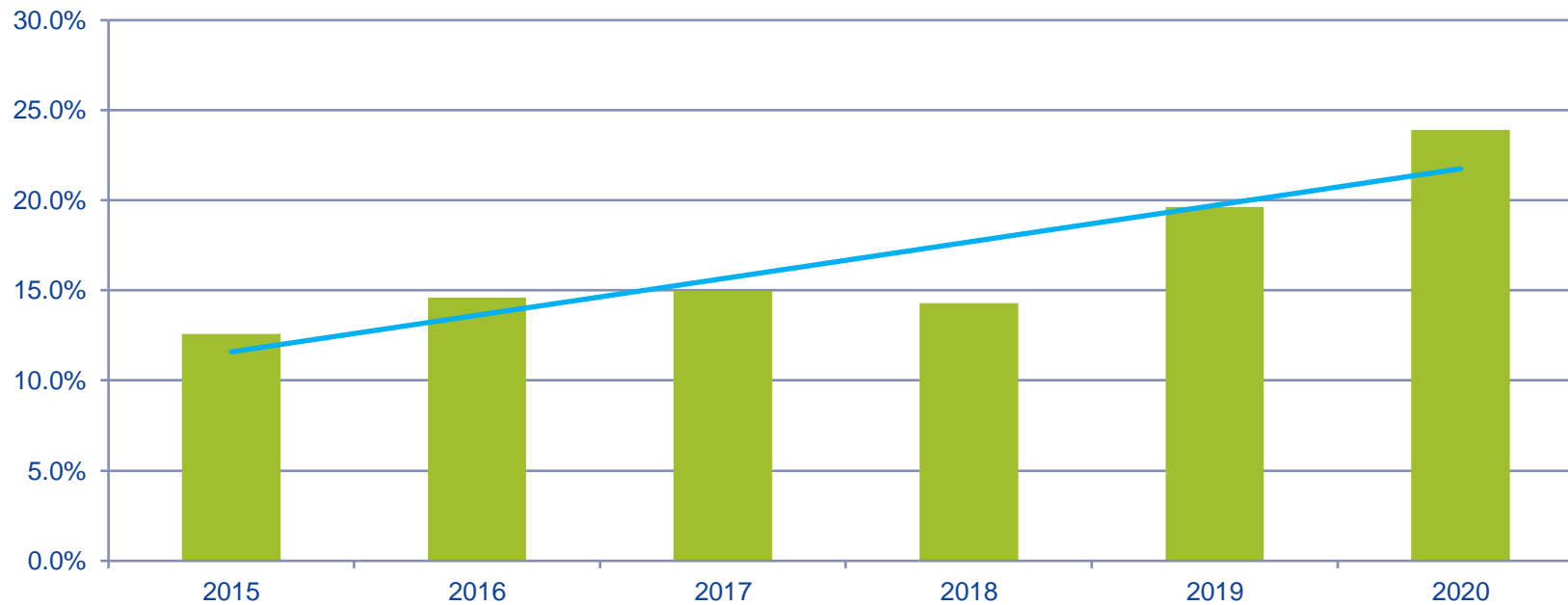


Olive startup wants to end two-day
shipping in the name of sustainability



New dairy product launches with sustainable packaging claims continue to grow.

**Dairy Products with Sustainable Packaging Claims, USA,
January 2015 - December 2020**



Source: Mintel GNPD; all dairy food and beverages, January 2015 – December 2020, USA, claims matches one or more of [recycling; environmentally friendly package, environmentally friendly product, sustainable]

Responsibility is the next sustainability.



of global food and drink introductions in 2020 included an on-pack claim about environmentally friendly packaging.



Responsibility starts on the farm.

27% of consumers find sustainable **production methods** to be more important now than before the pandemic.

The Greek Yogurt is made from Full Harvest Verified Rescued Meyer lemons that would otherwise have been wasted due to overproduction, a lack of secondary markets for the farmer, or cosmetic blemishes.

Retailers can communicate how brands and farms work together to reduce waste.



Source: Global Data COVID-19 recovery consumer survey January 2021; Mintel 35-market consumer survey, July 2020

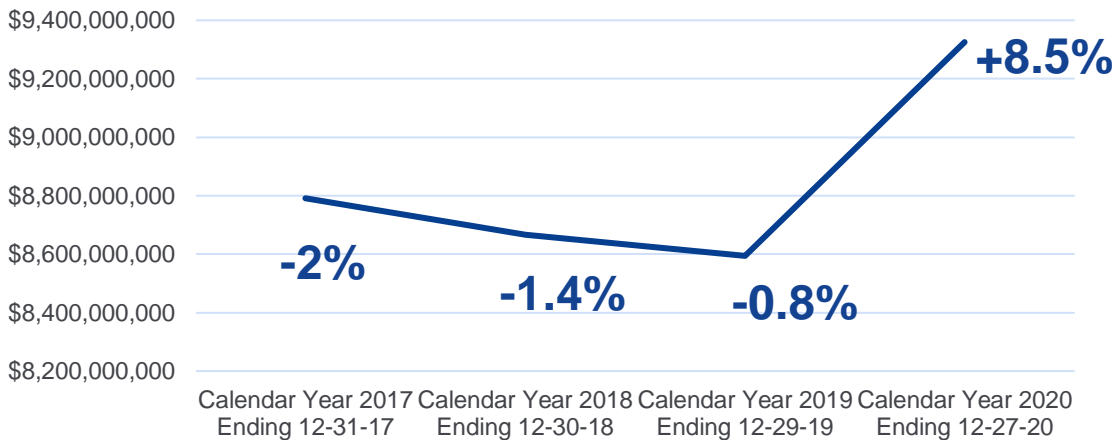
Breakfast is Big

90% of consumers are eating breakfast.

Work from home flexibility continues in 2021 and beyond.

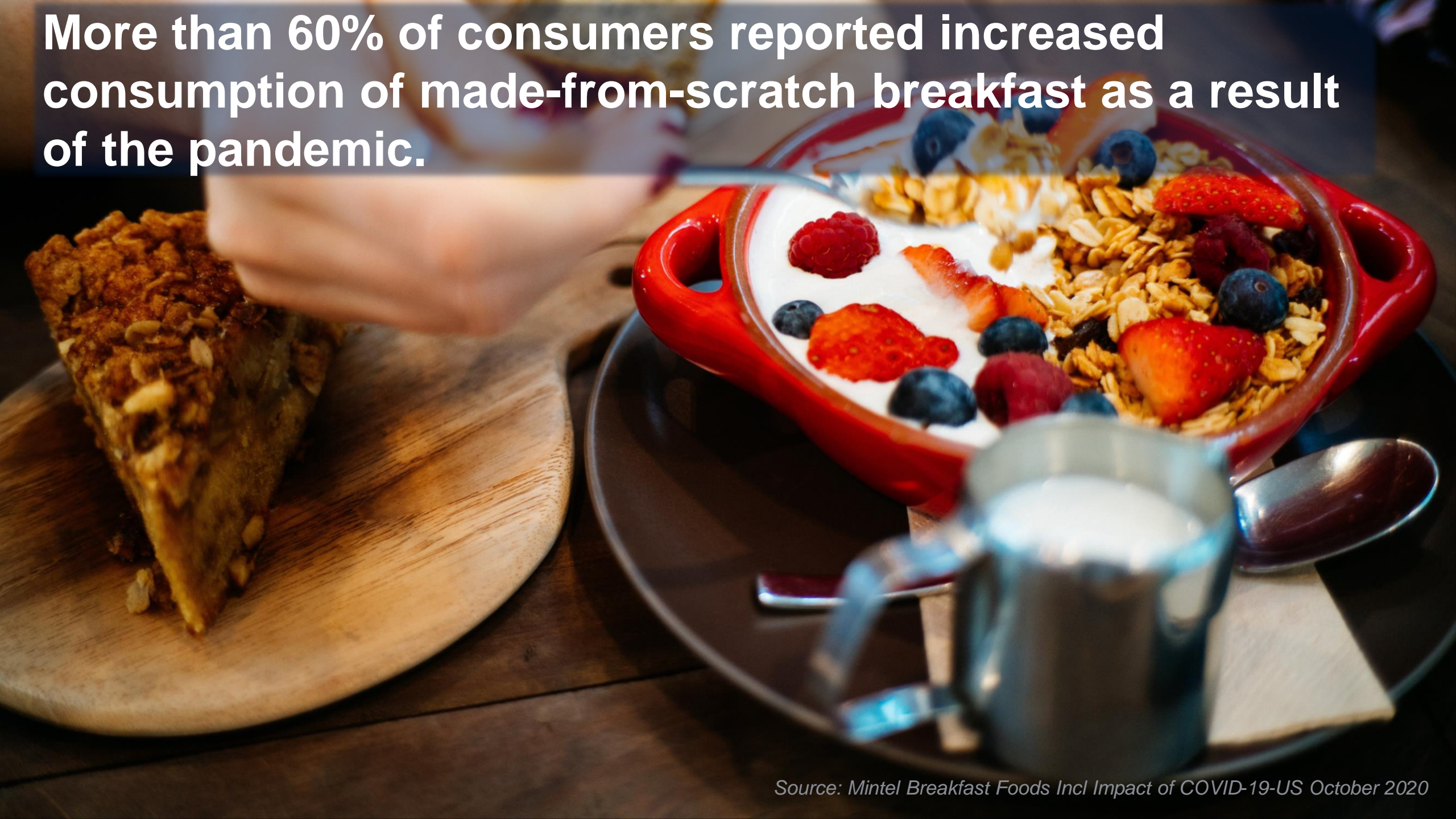
Cold cereal sales were +8.5% YTD in 2020 and are +3.3% 2021 YTD.

Cold Cereal Sales Total U.S. Multi Outlet + Convenience



Source: IRI Sales Data Total U.S. Multi Outlet + Convenience dollar sales
Hartman Group Top Food and Drink Trends for 2021

More than 60% of consumers reported increased consumption of made-from-scratch breakfast as a result of the pandemic.



Source: Mintel Breakfast Foods Incl Impact of COVID-19-US October 2020

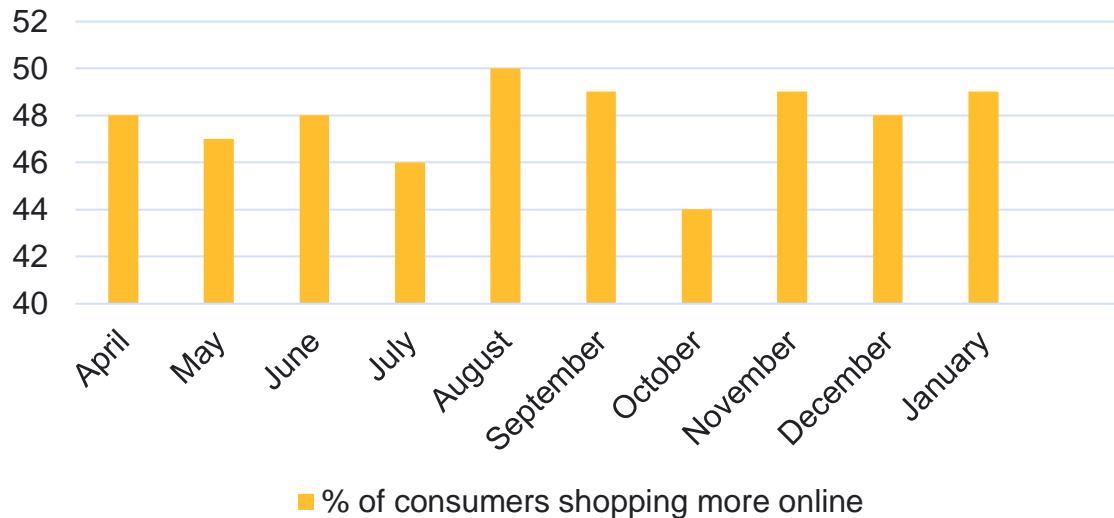
Craving Convenience & Value

Finding tangible, measurable benefits from purchases.

Online shopping habits will last.

64% of adults say they feel comfortable shopping in store, but even so, **about half agree that the pandemic has prompted more online shopping.**

US: consumers shopping more online due to COVID-19, March 2020 – January 2021



New in-store conveniences will thrive.

Think: Smoothie making machines and salad bar reinvention with salad robots.



Walmart introduced smoothie-making robot to replace smoothie bars.



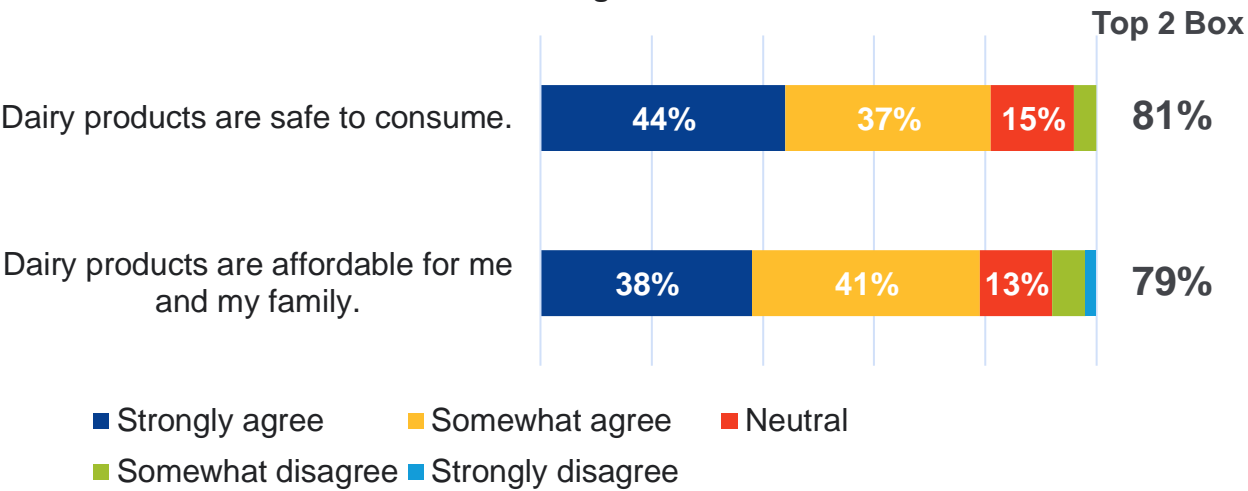
Heinen's rolls out Sally the salad-making robot

Consumers seek **value** by going back to the basics.

Mintel’s 2021 Global Consumer Trend notes that the pandemic has shifted consumer perception of value toward minimal consumption that emphasizes affordability, convenience and safety.



“please indicate how much you agree or disagree with each of the following statements.”



Summary of Key Insights

Consumers want

Wellness

SIMPLE SOLUTIONS
REAL FOOD
MODERATION
ADDED
FUNCTIONALITIES



Connection

MEANINGFUL
EXPERIENCES

RECONNECTING
WITH FRIENDS AND
FAMILY

CELEBRATING LIFE
'NORMALLY'



What's Best

FOR THE
ENVIRONMENT

FOR THE WELFARE
OF COWS

FOR REDUCING
WASTE



Convenience

SEAMLESS
SHOPPING ONLINE
& IN-STORE

SAFE/SANITARY
SHOPPING



Value

AFFORDABLE, SAFE
FOOD AND
BEVERAGES

VALUE THROUGH
PACKAGING,
EXPERATION DATES
ADDED NUTRIENTS,
ETC.



Insights-Based Retail Activations

To sustain and increase dairy demand.

Secret Sample

A shopper has just received their online grocery order. As they unpack, they notice something they don't remember ordering: a small sample of a new or interesting dairy product with a branded sticker and card attached. On the card, they learn that it's a secret sample from their "personal shopping assistant" (an influencer, the retailer itself, or even a fun character or mascot) explaining that the sample pairs perfectly with one of the items they ordered, or was recommended to them based off their purchasing habits. The card also doubles as a coupon to purchase more of their sample online or in-store.

Through hyper-targeted sampling, the retailer has just transformed the chore of unpacking groceries into an exciting experience, provided a product tailored to the shopper's preferences, and driven the shopper to purchase again.



Dairy Has It All

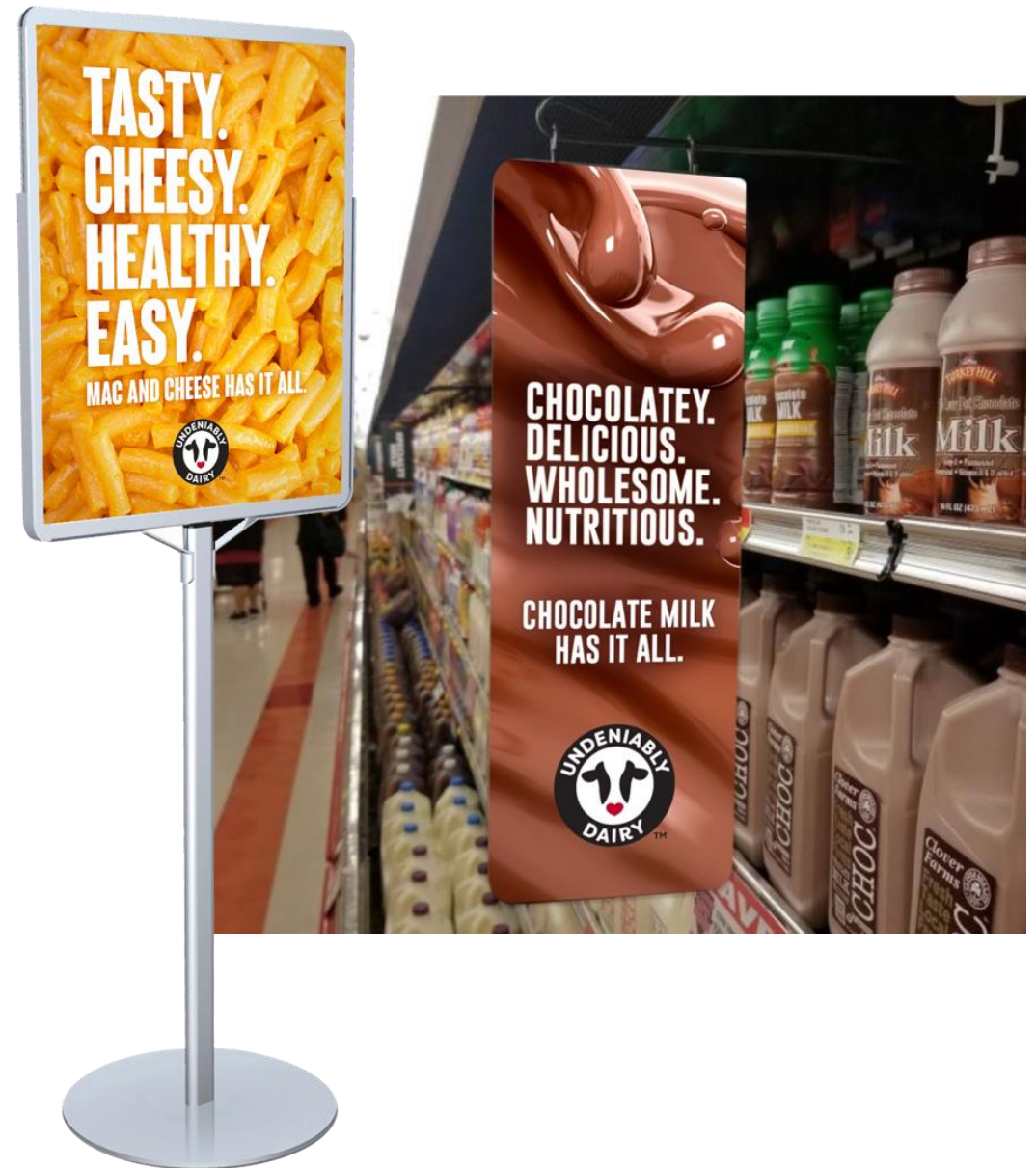
This concept uses a typographical treatment to boldly and concisely list all of the benefits of dairy, then punctuates it with a summarizing, memorable one-liner that highlights dairy's value. From this idea of “having it all,” we use activations that offer more value for the shopper.

Tasty.
Cheesy.
Healthy.
Easy.
**Mac & Cheese
Has It All.**

Chocolatey.
Delicious.
Wholesome.
Nutritious.
**Chocolate Milk
Has It All.**

Activation Ideas

- All-In-One Meal Planning—the retailer offers dedicated product pages or even product bundles that provide everything the shopper needs for a specific occasion or meal.
- An “interactive” coupon where shoppers could scratch off/pull a tab/do something to reveal a second additional deal to evoke the “you can have it all” idea.



Built By Dairy

Breakfast is your body's most important meal of the day, and dairy is the centerpiece of breakfast. This campaign communicates both the variety of dairy's uses and its health benefits through eye catching imagery of body parts literally built by dairy. These would exist as shelf talkers, fridge clings, or other in-store signage to maximize their stopping power.

Signage Copy

Head: Eyeing A Healthier Breakfast?

Sub: Yogurt contains vitamins that improve eye health.

Head: Milk Makes Muscles.

Sub: Get 16% of your daily value of protein in milk.

Head: Wake Up Well

Sub: Yogurt's got the protein to start your day off right.

Activation Ideas

- Influencer campaign where dietitians share breakfast recipes
- Live-streamed or in-store cooking classes
- Start the day with dairy social media contest—send us a shot of your breakfast!
- Cross category signage (in the personal care aisle where shoppers are looking for health benefits or in the produce section for breakfast fruit pairing, etc.)



Responsible Shopping Bingo

This concept uses in-store signage to denote “responsibly sourced” dairy products. When shoppers purchase these products, they receive coupons that double as squares on a “responsibility bingo” card—if they get bingo, they’re entered to win a grand prize.

But just purchasing dairy isn’t enough to get bingo—squares must also be filled by shoppers participating in other retailer initiatives, such as attending a sponsored community service event, taking a pledge to be a responsible shopper, and making responsible lifestyle choices like composting or switching from a plastic product to reusables.

Activation Ideas / Bingo Square Starters

- Creating a “Grocers Doing Good” alliance and invite shoppers to join or take the pledge
- Hosting or sponsoring monthly charity/community service events to foster community
- Leverage and expand upon existing sustainability programs offered by the retailer
- A social media campaign where shoppers share how they’re doing their part to be a responsible member of the community



Questions?

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Bringing Dairy to Life!