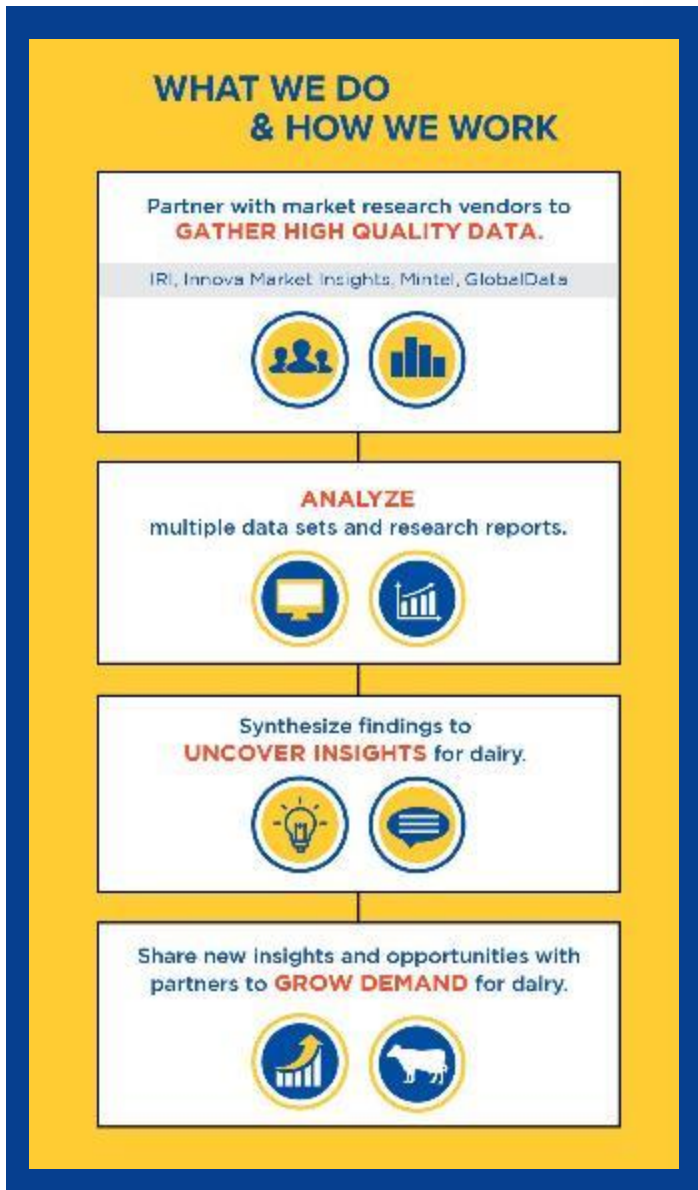


Executive Summary

Midwest Dairy seeks to better understand how K-12 school nutrition professionals can innovate the lunchroom experience to increase school meal consumption. We analyzed and synthesized research from multiple market research companies, which include qualitative and quantitative research methods, to develop this secondary research report uncovering generation Z values, beliefs and expectations. This slide deck uncovers key insights and activations for school nutrition professionals. Video interviews with middle and high school-aged students are included to support research findings.



Consumer Insights - Process and Sources



MARKET RESEARCH SOURCES

- Information Resources Inc. (IRI)
- The Hartman Group
- Innova
- Global Data
- Barkley Advertising
- The Nielsen Company
- Marketing to Gen Z (book)
- Datassentials
- Forbes
- National Dairy Council
- The Family Room and DMI
- Farm Rich
- U.S. Census Bureau
- Smarter Lunchroom Strategy

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.

This slide deck may be shared with external audiences with proper citation.



From A to Gen Z Dairy Trends and Innovations

June 2018

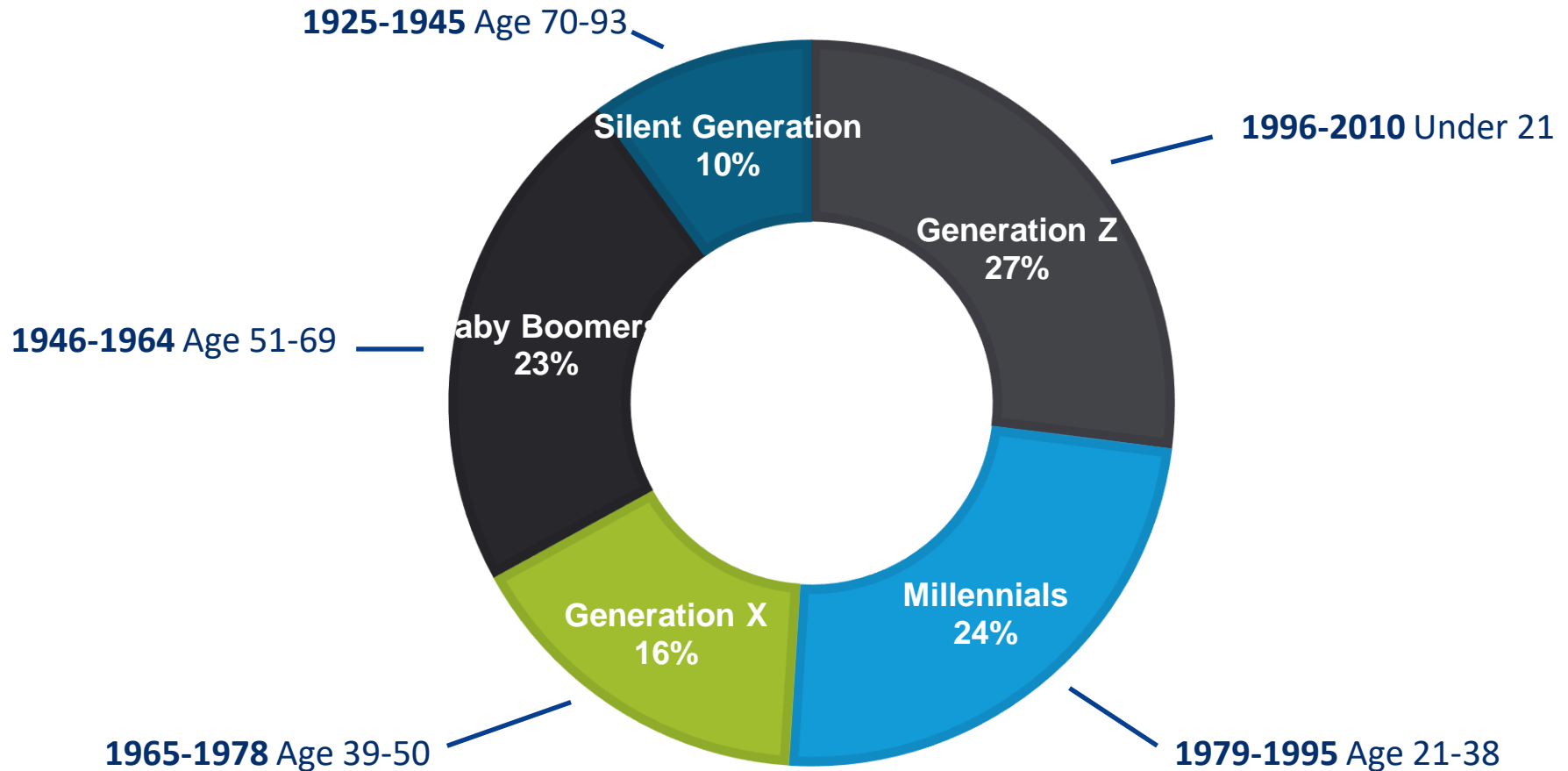


Bringing Dairy to Life!

Learning Objectives

1. **Gen Z Values, Beliefs and Expectations**
2. Gen Z Trends Driving Dairy Innovation
3. Connect with Gen Z to Increase School Meal Consumption

U.S. Generation Distribution



Events that Define Each Generation

SILENT GENERATION	BOOMERS	GEN X	MILLENNIALS	GEN Z
1925-1945 Age 70-93	1946-1964 Age 51-69	1965-1978 Age 39-50	1979-1995 Age 21-38	1996-2010 Age 8-21
The Great Depression The Dust Bowl WWII McCarthyism	Vietnam Woodstock The Civil Rights Movement President Kennedy's assassination Watergate Space exploration	The fall of the Berlin wall The challenger disaster AIDS MTV The Iranian hostage crisis Desert Storm	9/11 Columbine Google Social media Video games Y2K	The Great Recession ISIS Sandy Hook Marriage equality The first black president The rise of populism

Gen Z: The Pivotal Generation



Gen Z makes up 27% of the U.S. population today and will account for 40% by 2020.

Meet Hudson H., 14-years-old



What Makes Gen Z Different Than Other Generations?

Mobile and Connected From Birth

First truly digital generation

There's no difference between online and offline – it's all the same.



They use social media to amplify their IRL social lives, educate themselves, have fun and be entertained.



They have never heard of a flip phone.



Because they are so connected to information, they have family buying power.



Notoriously overscheduled

Gen Z have unusually early experience with and awareness of stress, anxiety, and depression, which used to be much more adult concerns.

A Day in the Life (Summer Vacation)

 Morning

Sport team practice,
working out

 Afternoon

Job as cashier followed by
physical therapy for my knee;
internship followed by violin

 Evening

Preparing my own meal,
family dinner

 Night

Babysitting, SAT prep

I am just so tired from everything...
school, my chores, schoolwork,
soccer, physical therapy,
babysitting, my kitty.

~16 yo Girl, Denver

When I play basketball my focus
is on winning, so if I am losing or
miss a shot I just have to keep
trying until I get it. I won't be
happy with myself until I have
done 100%.

~15 yo Girl, Chicago

Old Souls in Young Bodies

VALUES

WORRIES

BELIEFS

- Intelligence
- Diversity
- Family

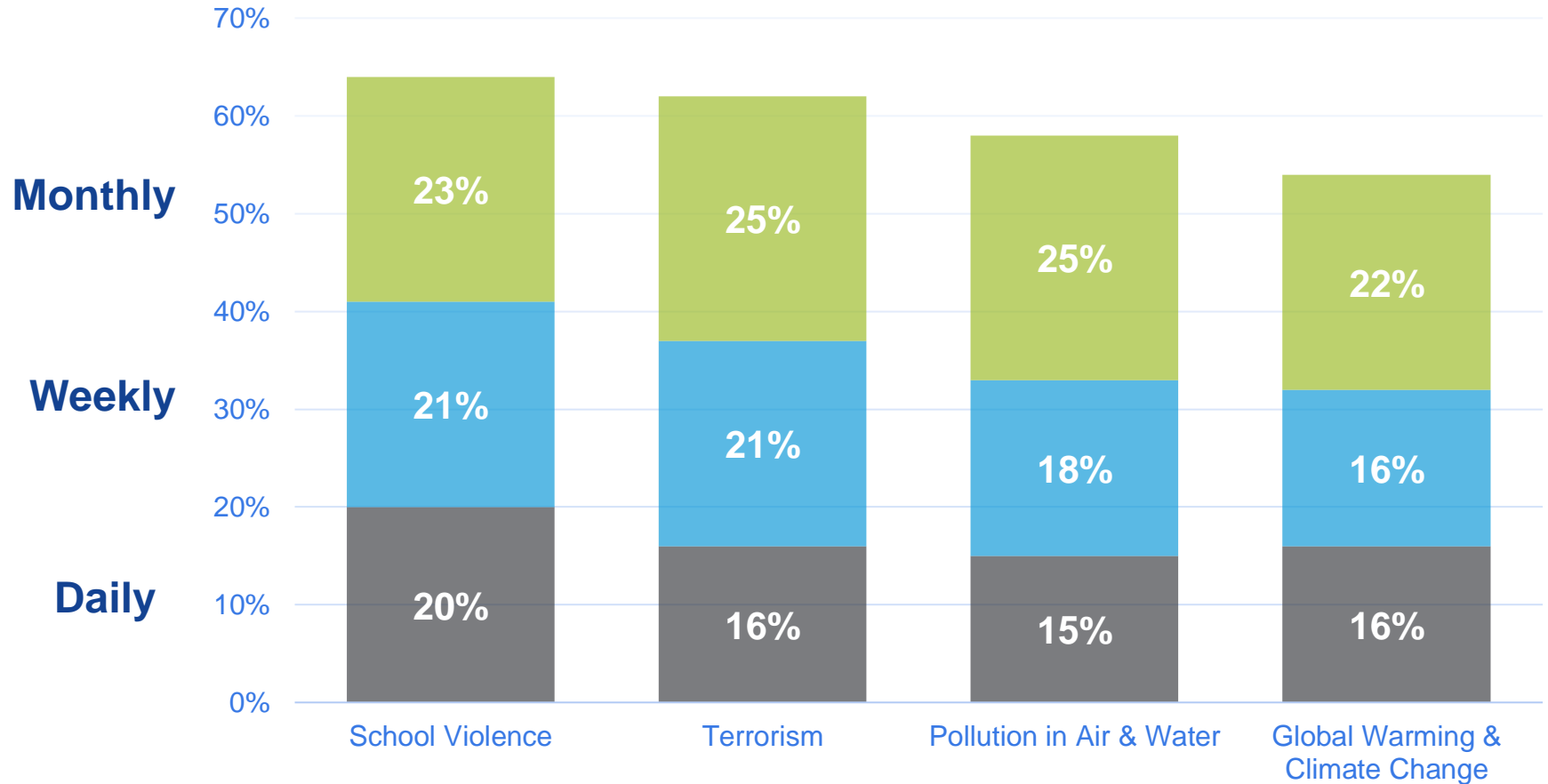
- Terrorism
- Violence
- The economy
- Global warming

- Equality
- Success must be earned

More independent than previous generations

How Often Do You Worry About...

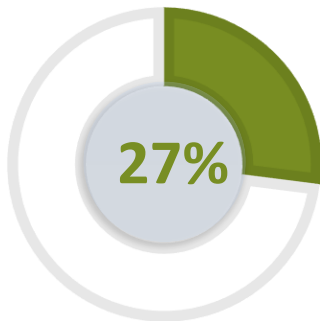
(Teens 13-18)



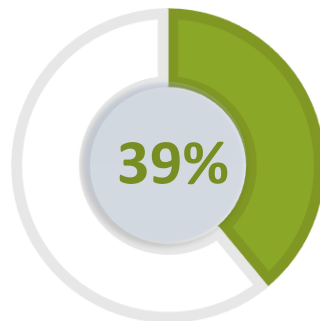
Most Ethnically Diverse Generation

PERCENT OF NON-WHITE POPULATION BY GENERATION

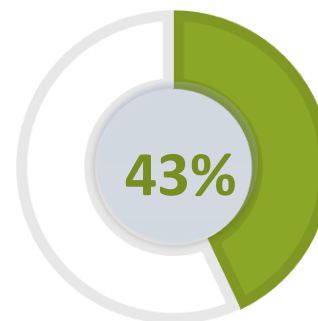
BOOMERS



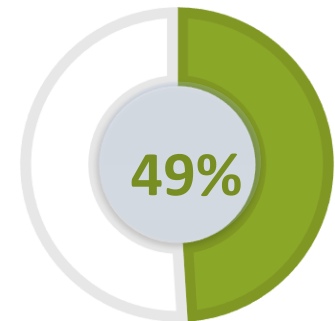
GEN X



MILLENNIALS



GEN Z



They **celebrate their differences** and see the world with **fewer boundaries**.

And They Are Willing to Experiment



Brands will be challenged by
Gen Z's
“No Limits”
orientation and
willingness to
experiment.

Save More than Previous Generations

93%



Feel **optimistic** about their financial futures.

71%



Think that **savings is important**.

64%



Have already started researching or talking to others about their **financial futures**.



66%

buy products
based on price

Source: IRI Quantitative Generational Study;
December, 2017

More Willing to Pay for Health Attributes than Any Other Generation

31%

Compared to 29% of Millennials and 23% of Baby Boomers.



Healthier



Premium



Sustainably-sourced



The Shortest Attention Span



.....

The average **Millennial** attention span



.....

The average **Gen Z** attention span



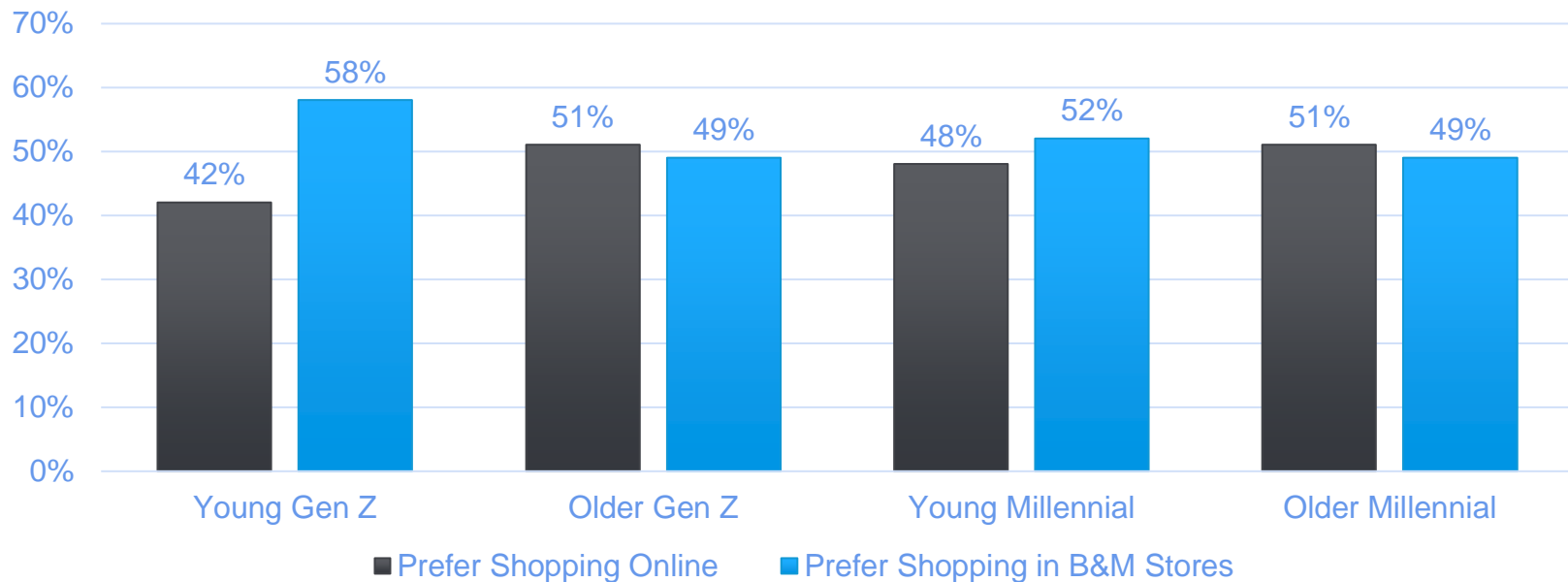
.....

The average **gold fish** attention span

True Omni-Channel Shoppers

And so are Millennials...

Preference for Online vs. Brick and Mortar Shopping
(any product category)



What Do Pivotal Care About?

Mobile isn't just cool. It's life.

98% own smartphones and they spend ~3.5 hours per day on their phone.



Eating Healthy (and delicious) Foods

- **Organic** holds more value to Gen Z'ers than older generations.
- They want **fresh, natural foods** with a variety of options.
- They want ingredients that are **sustainable, healthy** choices.
- They still like to **indulge**, but they are more aware of what is healthy and what is not.



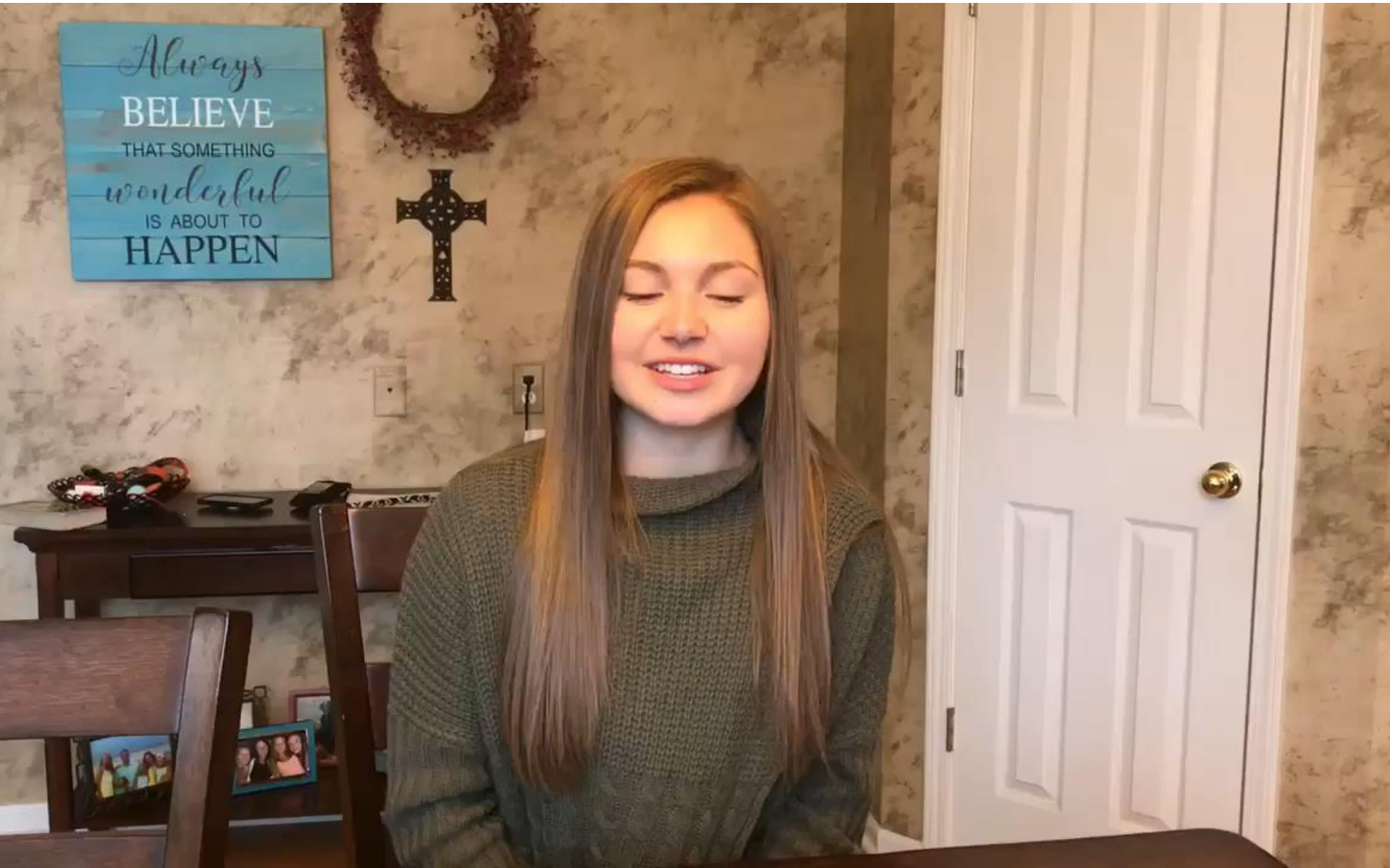
There is a Paradigm Shift Among Gen Z on the Meaning of Healthy

From “Being Healthy”

To “Being Well”



Alexis B., Senior in High School



Reducing the negative impact on people and the planet



Social Experiences With Friends & Family

When families and friends *do* come together to eat they want to maximize the occasions with exciting and indulgent experiences.

Unusual flavors

Colorful foods

Global Cuisine



Brands are Important to Gen Z, but in a Different Way than Millennials.

2003

Vs.

2018



Millennials identified with popular brands.



Personal brand is the best way to show the world they are unique, authentic and praiseworthy.

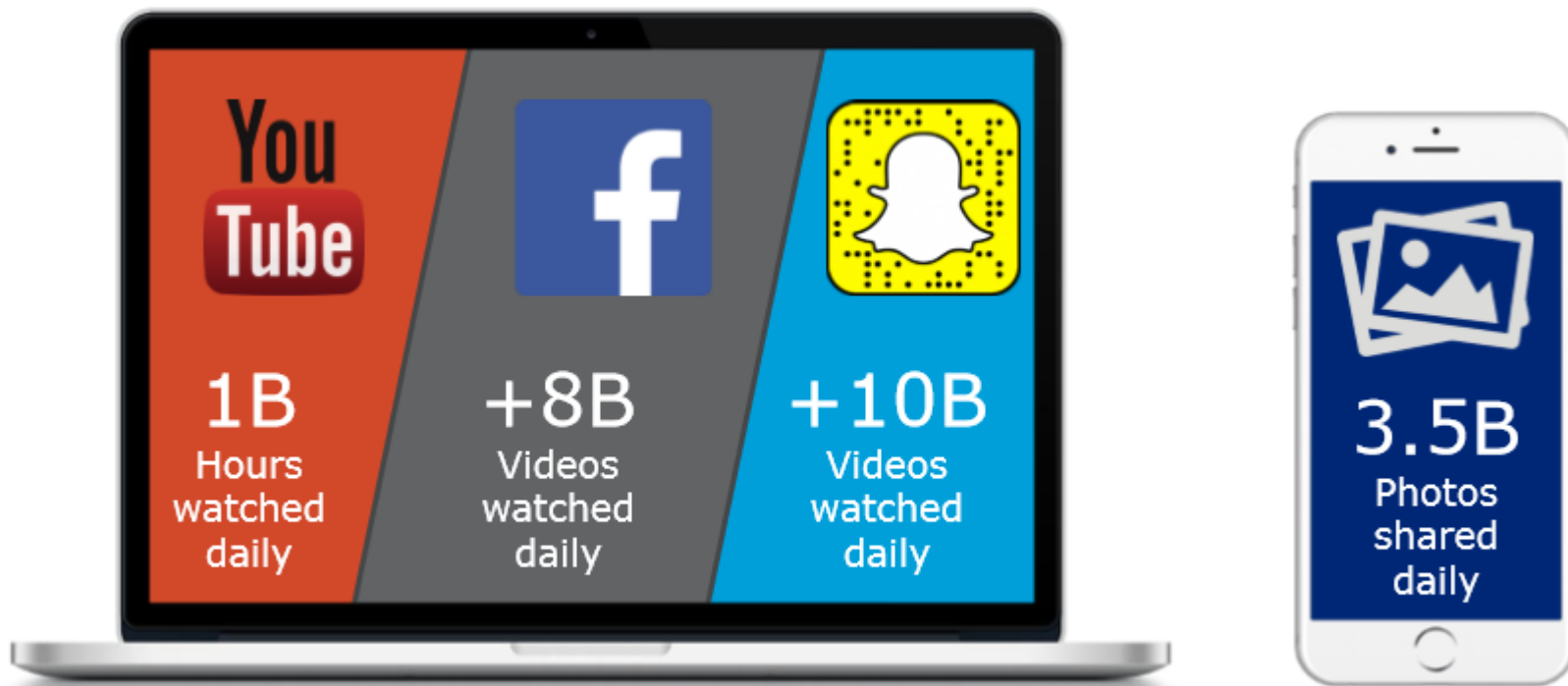
Food is a Tool for Self-Expression



What Are Gen Z Expectations?

Communication through Video and Photo

Pivotal have never known a world without *instant consumption* of snackable content, day or night.



Learn from Peers Vs. Celebrities



tollydollyposh Follow

1,255 posts 7,572 followers 862 following

Tolly Dolly Posh - 17 **GBT** 🌈 Ethical fashion blogger & designer 📱 Twitter/FB: TollyDollyPosh 🛍 Shop #LSxTDP ethical tees @lostshapes 📦 Search @tollydollyposh under GIFs 📖 **BLOG**
tollydollyposhfashion.com

rosalindjana Follow ...

3,891 posts 6,367 followers 1,066 following

Rosalind Jana Rather tall. Author (Notes or for Dazed, Broadly, Retinery 29, Suitcase, B
rosalindjana.com



hollycamilla_ Follow + ...

447 posts 10.9k followers 3,049 following

HOLLY • CAMILLA Blogger / Teen Model / Influencer 📱 on Snapchat: hollycamilla1 DM for collaborations. Be Kind 🌈
www.hollycamilla.com



Angela Lan

@styleasaurus

I make clothes and do that blog thing. Proud supporter of messy hair and sweats. My book **#OOTD Sew and Style** is out NOW!!! x [amazon.to/1K4MiPH](https://www.amazon.com/dp/B01K4MiPH)

📍 California, USA

🔗 lovespunk.com

📅 Joined July 2013



“We’re no longer as easily swayed by celebrities sequestered in their mansions, famous for being famous. We like influencers who feel more relatable, who will talk to us on social media and like our comments on their YouTube post- we like that they feel like one of us.”

-GRACE MASBACK

Personalization



Black coffee

**Grande 2%
double-
blended
extra whip
extra
caramel with
java chips
caramel
Frappuccino**



Transparency in Processing Methods and Ingredients

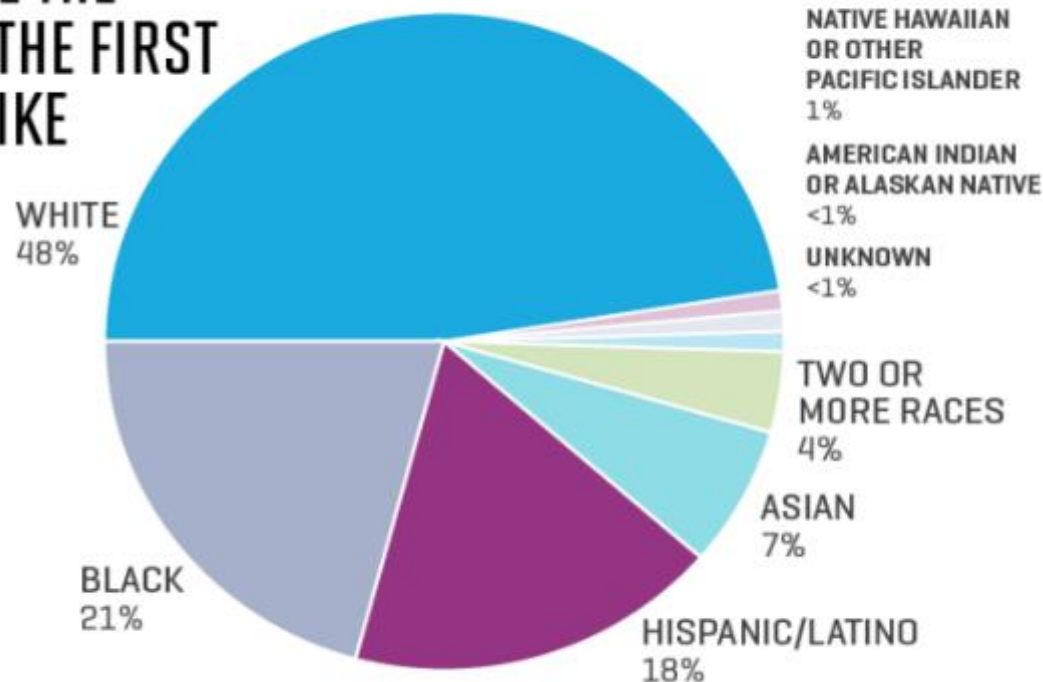
Transparency is an *expectation* rather than a pleasant option.

- Who made it?
- Who owns the company that made it?
- Where is it from?
- How was it produced?
- Did they treat their workers fairly?
- Can I reuse or recycle the packaging?
- What's the environmental impact?
- Does it have harmful or unnatural ingredients?



They Want to Know if you Really Walk the Walk

MINORITIES ARE THE MAJORITY FOR THE FIRST TIME EVER AT NIKE



Quick, Convenient Options

Pivotals want everything to be *fast*.

The reason they still shop in-store? **Instant gratification.**

61%

Would choose same-day delivery even if it meant paying a surcharge.



58%

Would pay even more for one-hour deliveries.





Bringing Dairy to Life!

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Busy Lifestyles Drive New Products with Added Convenience



Health Food as A Remedy Drives New Products with **Added Nutrition**



Experimental Food Trend Drives New Innovative Flavors



Global Sustainability Trend Drives Innovation with **Dairy Packaging**

Mimica Touch Food Labels

Utilizes
smart
technology

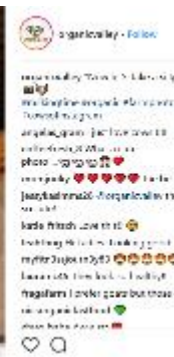
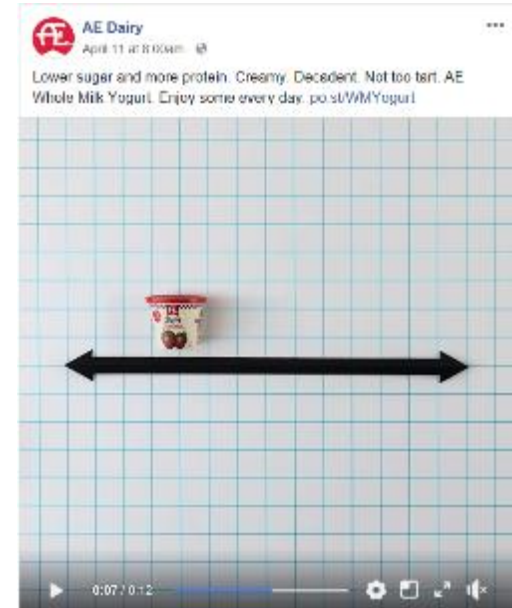
Reduces food
waste

Increases
confidence

Adds
Convenience



Digital Trend Drives an Increase in Social Presence for Dairy Brands



Growing Dairy Categories & Sub Categories



- Drinkable yogurt
- Natural cheese
- Ice cream
- Butter
- Whole-fat yogurt
- Lactose-free milk
- Whole milk





Bringing Dairy to Life!

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Provide Additional Meal Options

Gen Z is predisposed to want variety.

Healthy Options



Experimental/ Exotic Options



Luke S., Senior in High School



Get Creative with Descriptive Names

Using a creative, descriptive name raises taste expectations and students' interest.

Fish Sticks of the Sea



Hot Cheesy Pizza

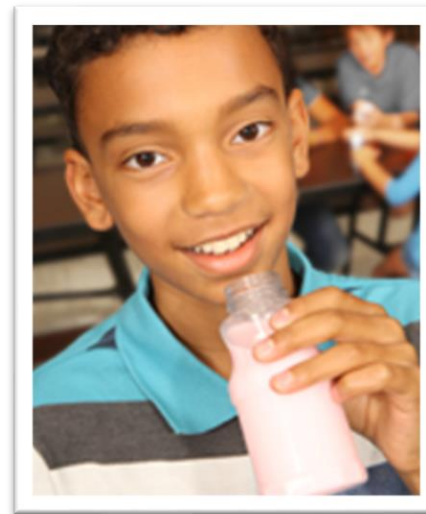
Real Cold Cow's Milk



Consider Adding 1% Milk

A survey conducted with over 300 schools that implemented 1% flavored milk in the 2017-2018 school year found that:

- 73% of students **liked 1% flavored milk better.**
- 58% of schools saw an **increase in milk sold.**
- 82% of schools reported **it was easy/very easy to accommodate 1% flavored milk** within the calorie maximums for their menus.
- Nearly one third of schools saw **an increase in average daily participation in meal programs,** and so received additional federal reimbursements.



Keep the Menu Fresh & Hot



Lilly K, Senior in High School



Embrace Technology to be Transparent



Nutrition Facts	
Serving Size 100 grams	
Amount Per Serving	
Calories 557	Calories from Fat 375
% Daily Value*	
Total Fat 44g	85%
Saturated Fat 5g	27%
Trans Fat	
Cholesterol 0mg	0%
Sodium 1mg	0%
Total Carbohydrate 26g	9%
Dietary Fiber 10g	41%
Sugars 8g	
Protein 21g	
Vitamin A 11% • Vitamin C 5%	
Calcium 11% • Iron 23%	
*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.	



Trenton W., Senior in High School



Communicate with Great Photos and Video

Images are more important than text in influencing Gen Z decisions.



Chelsea Public Schools, Massachusetts



*Windham Raymond Schools,
Massachusetts*



San Ysidro School District, California



Waltham Public Schools, Massachusetts

Maya B., 12-years-old



Share Nutrition Information with Signage In-Person, too



Put your Cafeteria in the Palms of Their Hands

More than other generations, Gen Z is open about what they think.

40% ➡

Say they give feedback, such as writing reviews, “**very often.**”



Dakota L., Senior in High School



Offer more appetizers, snack foods and on-the-go options



Source: Upserve Restaurant Insider

Keep your menu fresh and sustainable



Serve Premium Pizzas & Smoothies

Pizza is Gen Z's **fourth**
most-consumed food



Smoothies meet functional &
emotional needs for Gen Z



Add More Customization

For Gen Z, ages 13-18, top beverage are *more personalized* and not manufactured.



Let them Spice It up!

Flavor Station



- Cinnamon
- Oregano
- Gallic Powder
- Basil
- Mint
- Parsley

Summary of Key Insights

- Generation Z is referred to as the “pivotal generation” as they are pivoting away from how things have been done.
- They are old souls in young bodies, and they are more likely to be stressed, digitally connected and overscheduled.
- They are the most ethnically diverse generation and equality is very important to them.
- They are willing to experiment with food and they enjoy social experiences with friends and family surrounding food.
- Generation Z has the shortest attention span yet, and they prefer to receive communications through videos and photos. They also prefer to learn about brands from peers vs. celebrities.
- Dairy is innovating to meet Gen Z needs with convenient products, innovative flavors, foods with added nutrition and with sustainable “smart” packaging options.
- To increase school meal consumption with Gen Z, provide them with a variety of options, embrace technology, ensure transparency with nutrition information, have premium sustainable offerings and allow for customization.

Questions?



Bringing Dairy to Life!