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to a complex marketplace*

a
Webinar
Series
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Millennials and Milk

3 WAYS TO REACH THE LARGEST BUYING POPULATION

Today's Presenters and Panelists



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Experience - Demand
Midwest Dairy



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Manager, Consumer Insights
Midwest Dairy

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Each meeting will be governed by a written agenda prepared in advance and the meeting will be summarized in a document prepared after the conclusion of the meeting.

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Bringing Dairy to Life!

1. **Why Millennials matter to dairy category success**
2. How do Millennials shop for milk differently than other generations?
3. Connecting with Millennials to ensure future growth

Questions consumers had 10 years ago about dairy...



HOW MANY CALORIES?

IS IT FAT-FREE?

**WHICH CELEBRITIES ARE
CONSUMING IT?**

Questions consumers today have about dairy

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



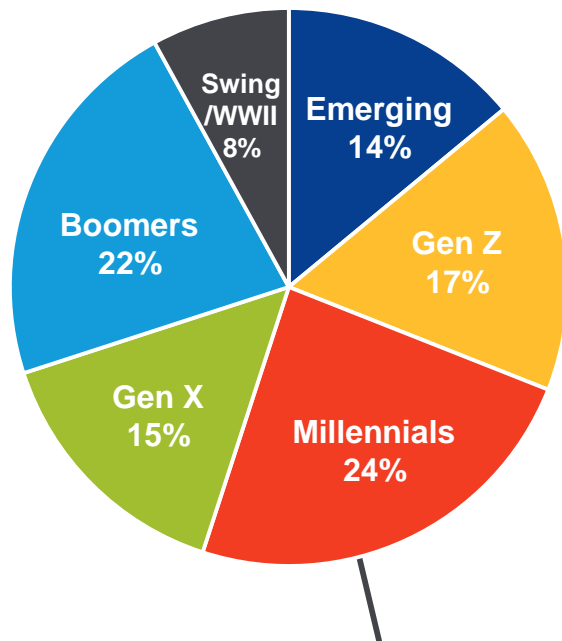
POLL: What's one word you would use to describe Millennials?

Millennials matter to dairy category success



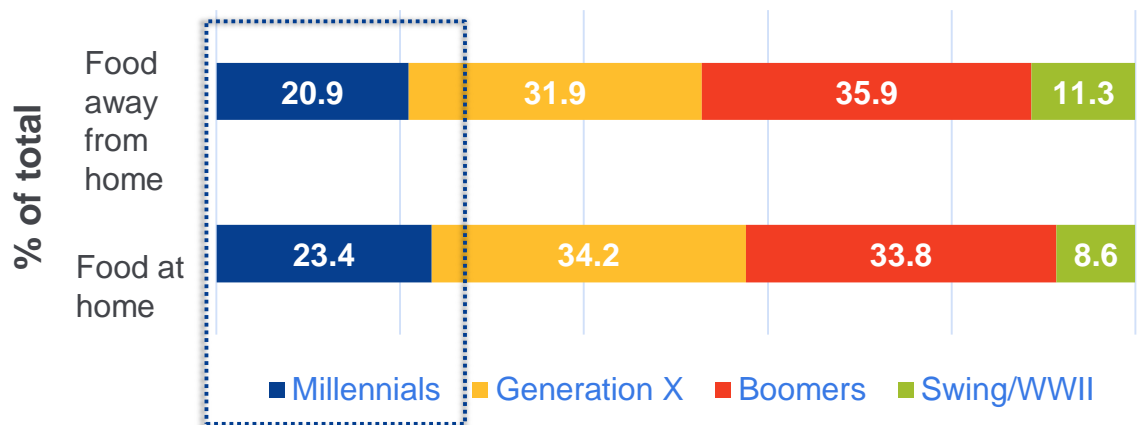
Millennials are the largest generation but don't make up the largest share of spending on food

They are in their prime earning years and their spending power is greater than Gen X and Boomers put together.



Ages 25-39 in 2020

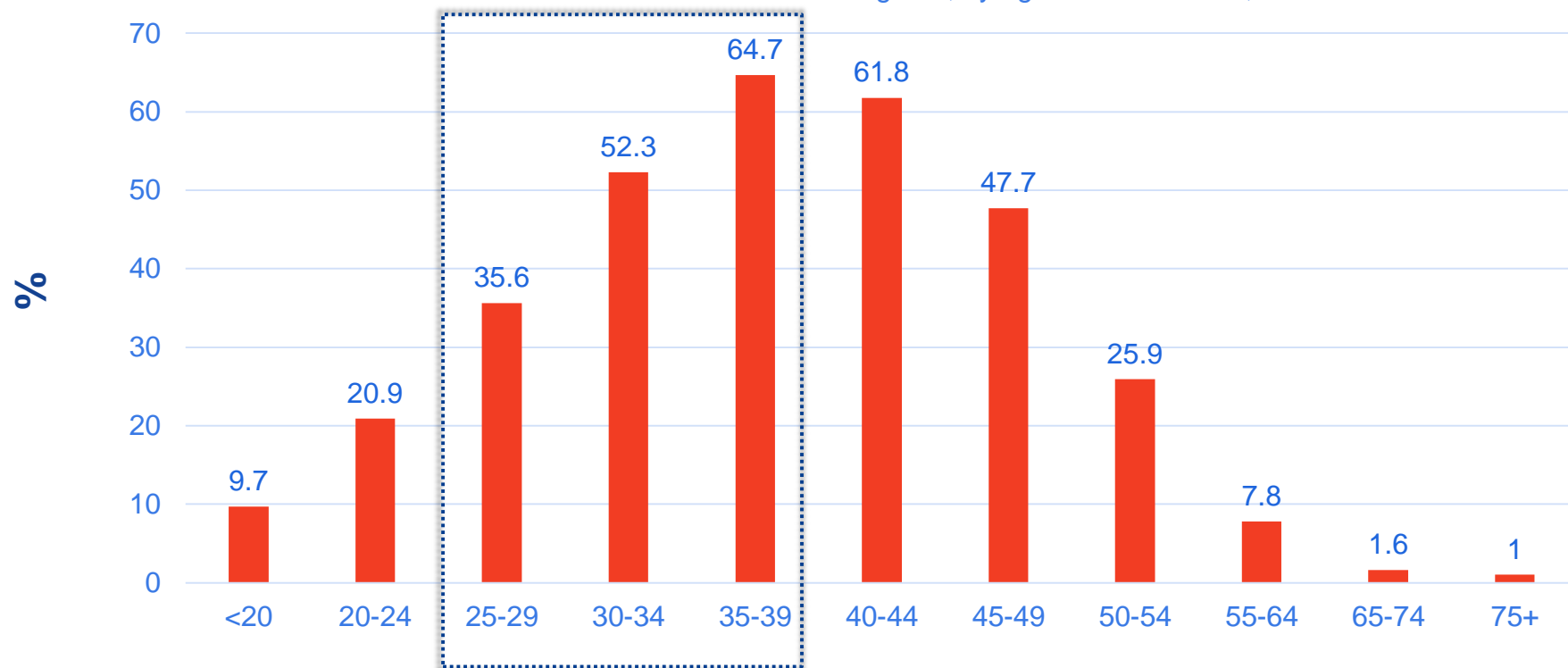
Household share of total expenditures for food at home and away from home accounted for by each generation, 2017



More than half of Millennial households have kids

Millennials are aging into a new life stage as they get married, settle down and have families.

Households with own children under age 18, by age of householder, 2018



Households with kids purchase more dairy, making them prime to draw into the category more deeply

	CHEESE	MILK	YOGURT
HOUSEHOLD SIZE			
1	56	53	62
2	96	89	92
3	116	113	111
4	132	140	139
5+	153	173	149
GENERATION			
Millennials	108	107	118
Gen X	115	110	108
Boomers	93	92	88
Seniors/Retirees	68	85	78
PRESENCE of KIDS			
Yes	132	144	138
No	85	80	82
LIFESTAGE			
Getting Started (no child <45)	77	56	75
Young Families (children <12)	128	138	149
Raising Teens (oldest child 12-17)	138	151	125
Established Workers (no child, age 45+, FT empl)	98	85	93
Retired (no child, age 45+, no FT empl)	78	86	77



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Research Methodology



Survey Method

ONLINE SURVEY

9 Minutes in length, fielded during September-October, 2019

Qualified Respondents

TOTAL MILK BUYERS WHO SHOPPED FOR MILK

Behaviorally qualified sample of past year Milk buyers aged 18+ (All Outlets Shopper 52 wks 9/2019)

846 QUALIFIED TOTAL MILK BUYERS RESPONDENTS SURVEYED

Sample Size

Outlets included: HyVee (140); Albertsons(128), Schnucks(74), Kroger (148), Walmart (357)

Geography

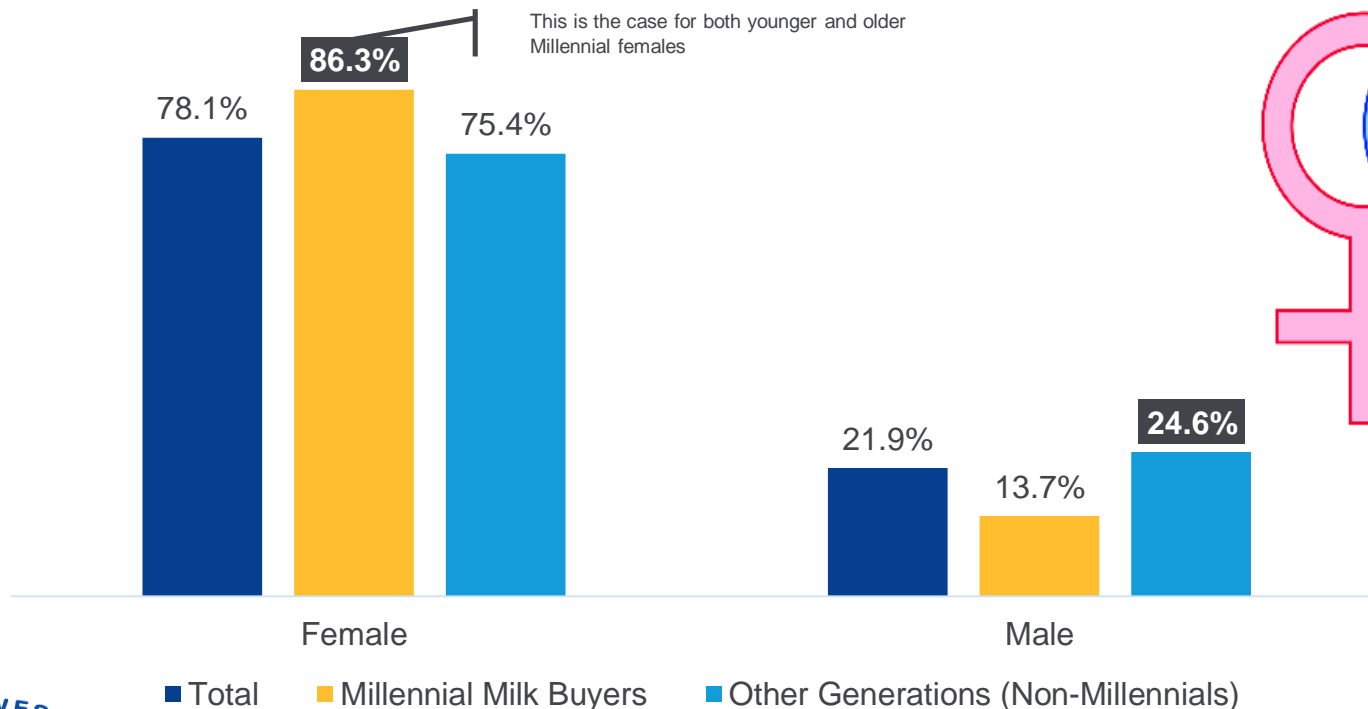
Millennials (1980-1998) vs. Older Generations (born before 1980)

TOTAL U.S.

This study included the responses of Total Milk Buyers throughout the total U.S.

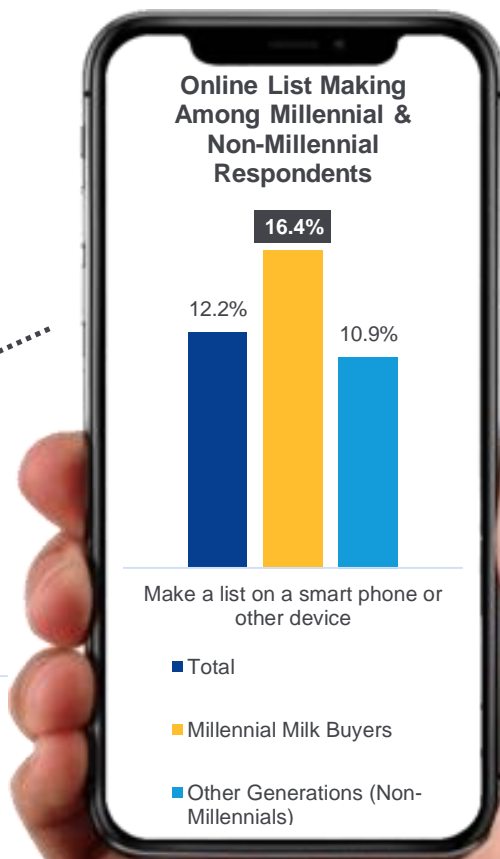
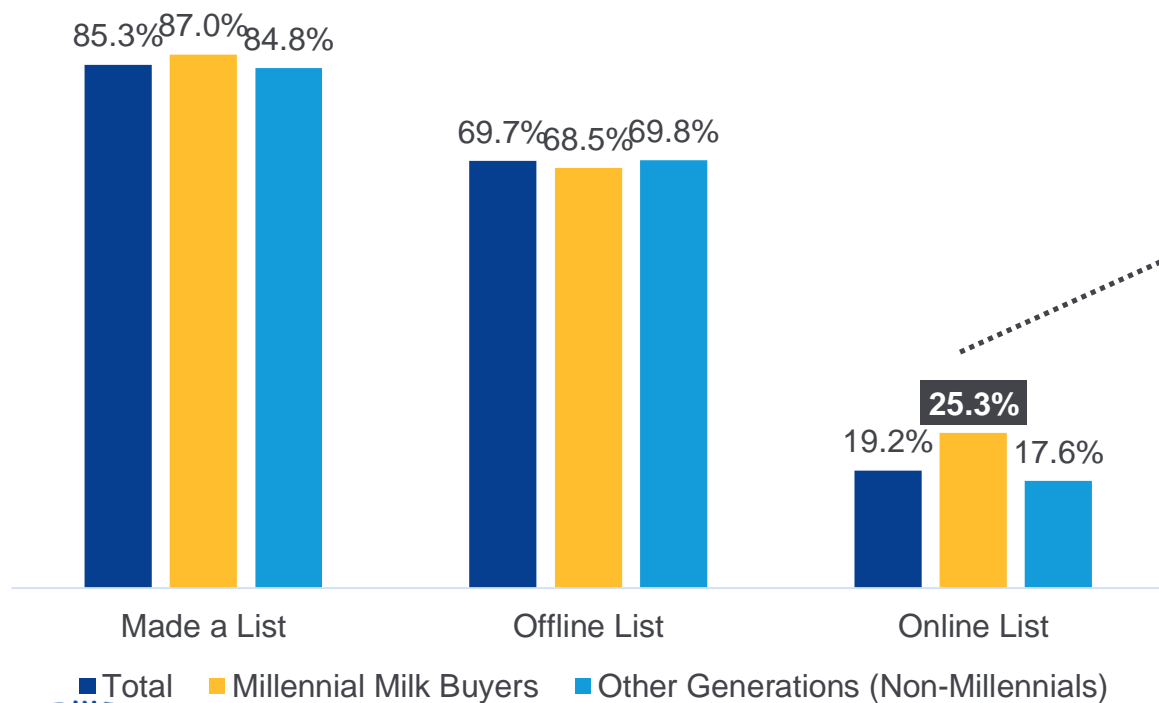
For Millennials, females drive the most engagement with milk while males are driving the most engagement in older generations

Milk Buyer Gender Among Millennial & Non-Millennial Respondents



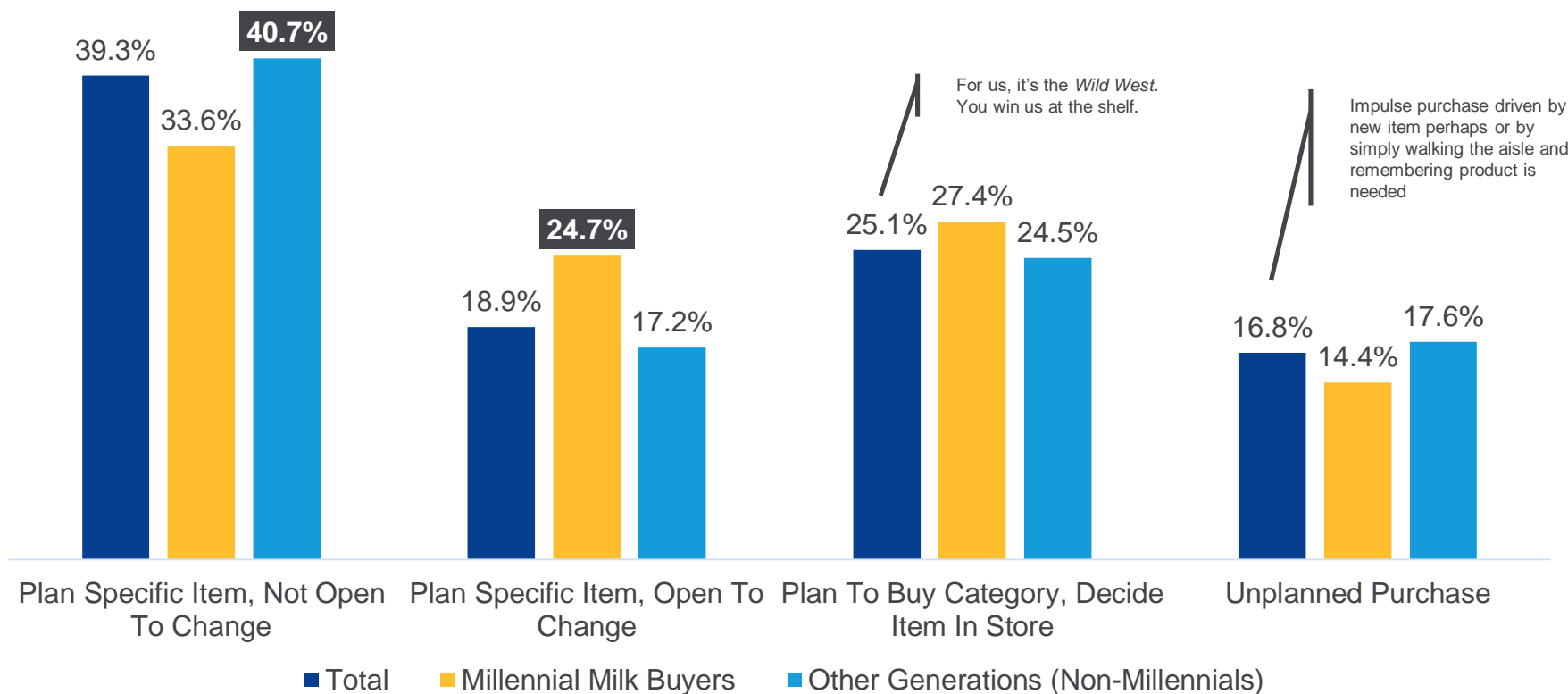
Millennials are list making before purchasing milk and are more likely to use technology to do so

List Making Before Shopping For Milk Among Millennial & Non-Millennial Respondents



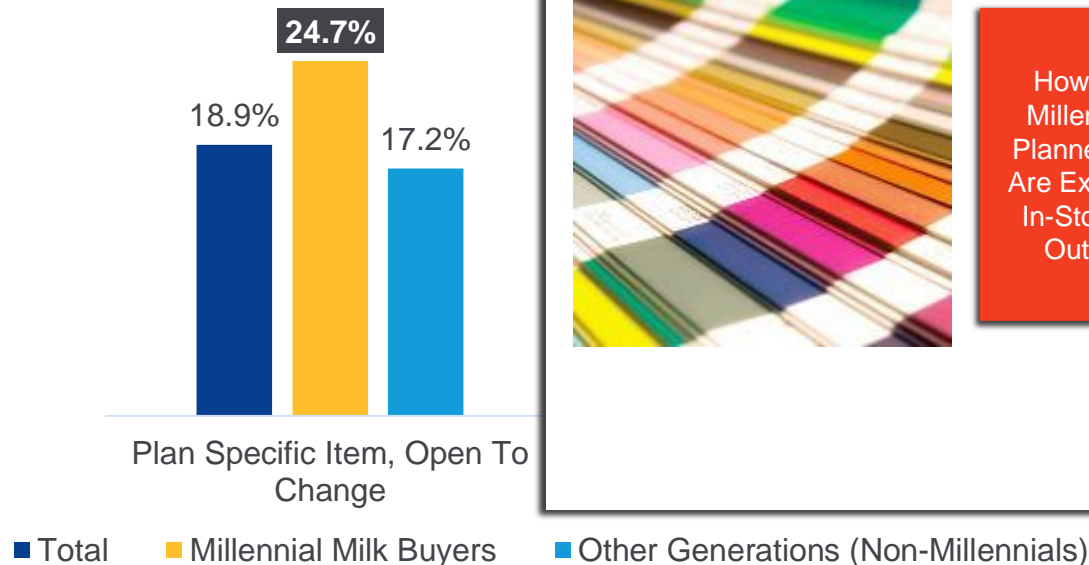
Millennial (87.0%) and non-Millennial (84.8%) respondents are planners when it comes to shopping, but Millennials are more open to changing their plan

Milk Buyer Shopping Plan Among Millennial & Non-Millennial Respondents



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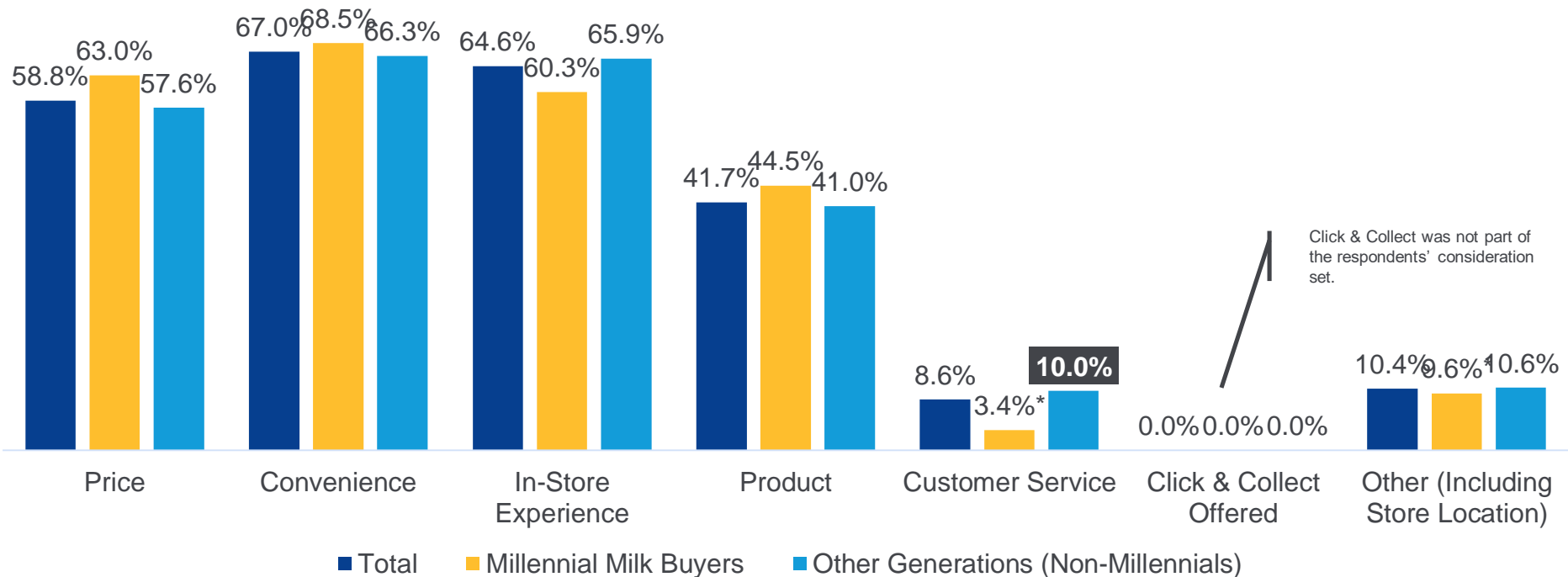
Milk Buyer Shopping Plan Among Millennial & Non-Millennial Respondents



How Does Variety Impact Millennials Who May Have Planned To Buy An Item, But Are Exposed To New Options In-Store? What About Their Out-Of-Stock Reaction?

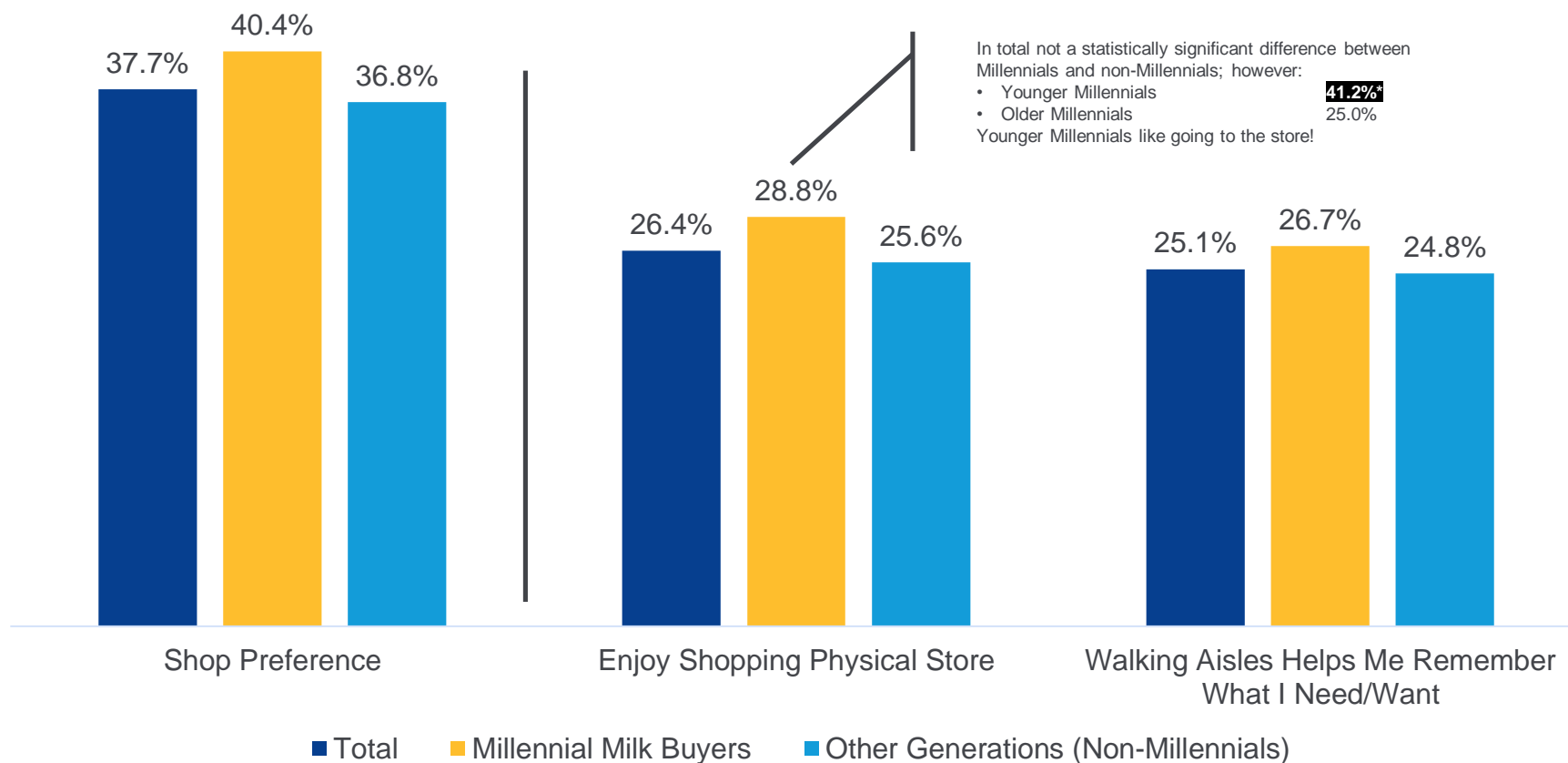
All generations of milk buyers choose where to shop primarily based on price, shopping convenience and in-store experience

Milk Buyers Choose One Store Over Another Because Among Millennial & Non-Millennial Respondents



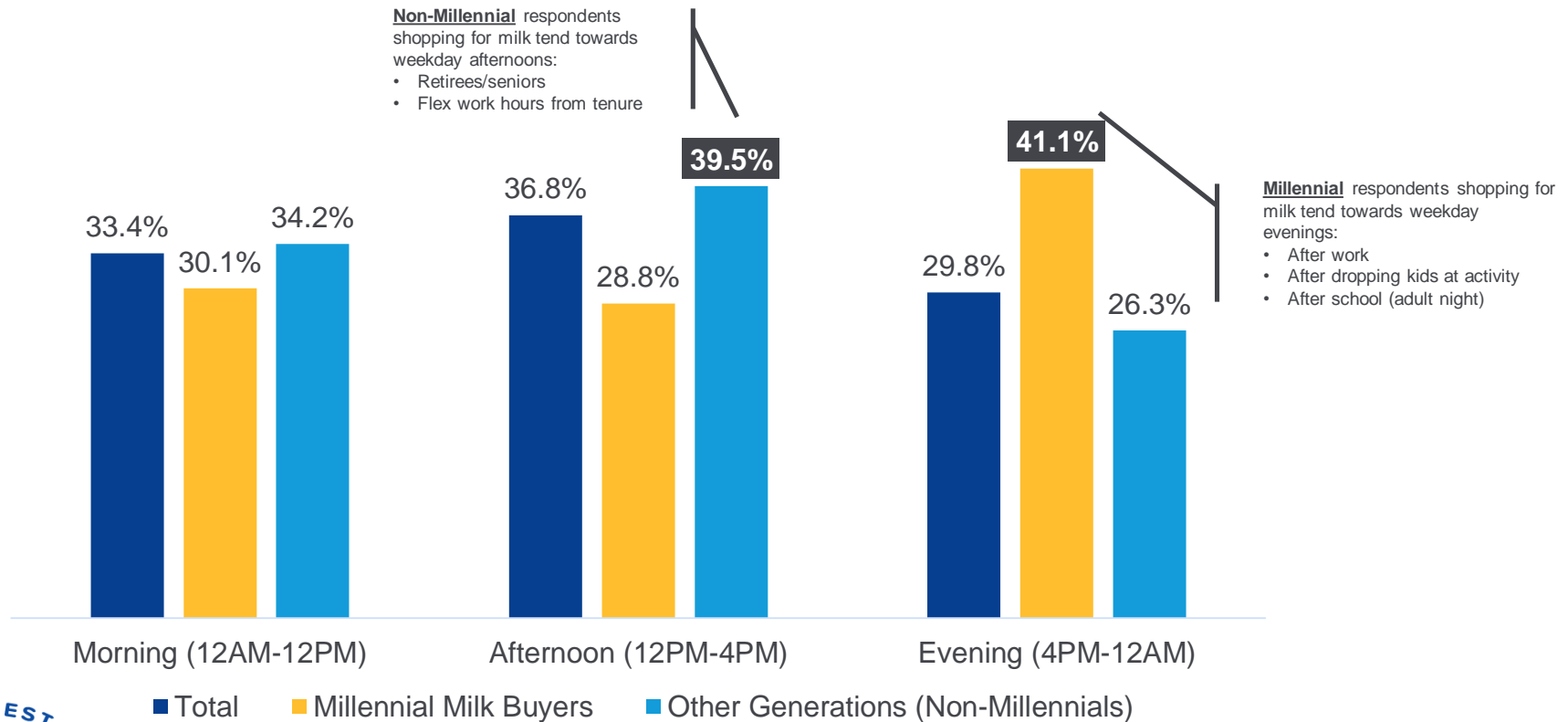
Younger Millennials enjoy the act of shopping – of actually going to the store – perhaps to discover products, meal inspiration or even socialization

Milk Buyers Reason For Choosing A Physical Store – Shop Preference Among Millennial & Non-Millennial Respondents



While Millennials and their older counterparts are primarily buying milk on weekdays, Millennials tend to shop for milk later in the day

Milk Buyers Time Shopped Among Millennial & Non-Millennial Respondents

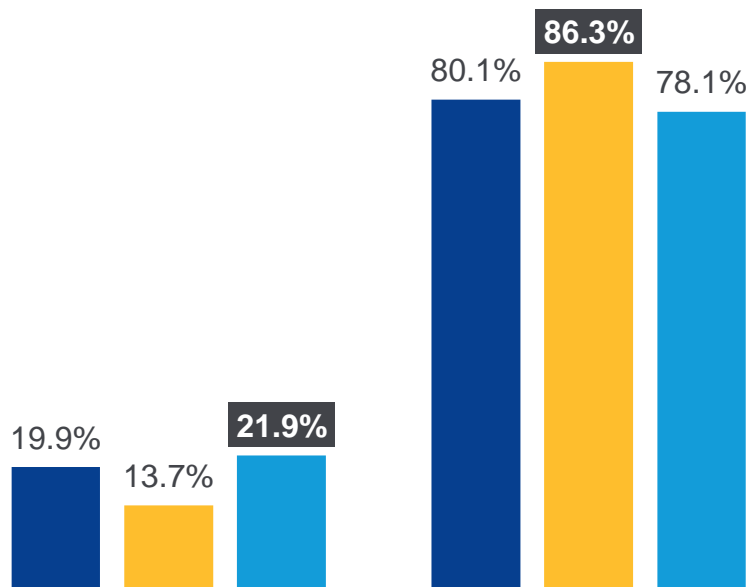


Statistically Significant

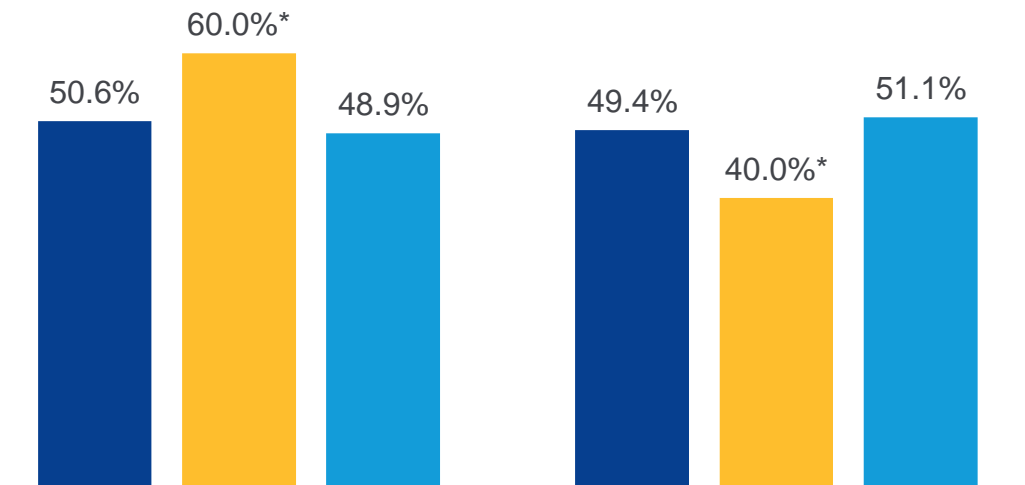
Source: IRI Custom Survey, 52 Weeks Ending 9/2019

Millennials are less deal-dependent when it comes to purchasing milk

Promotional Activity On The Most Recent Milk Shopping Trip



Purchase Intent If At Full Price



■ Total ■ Millennial Milk Buyers ■ Other Generations (Non-Millennials)



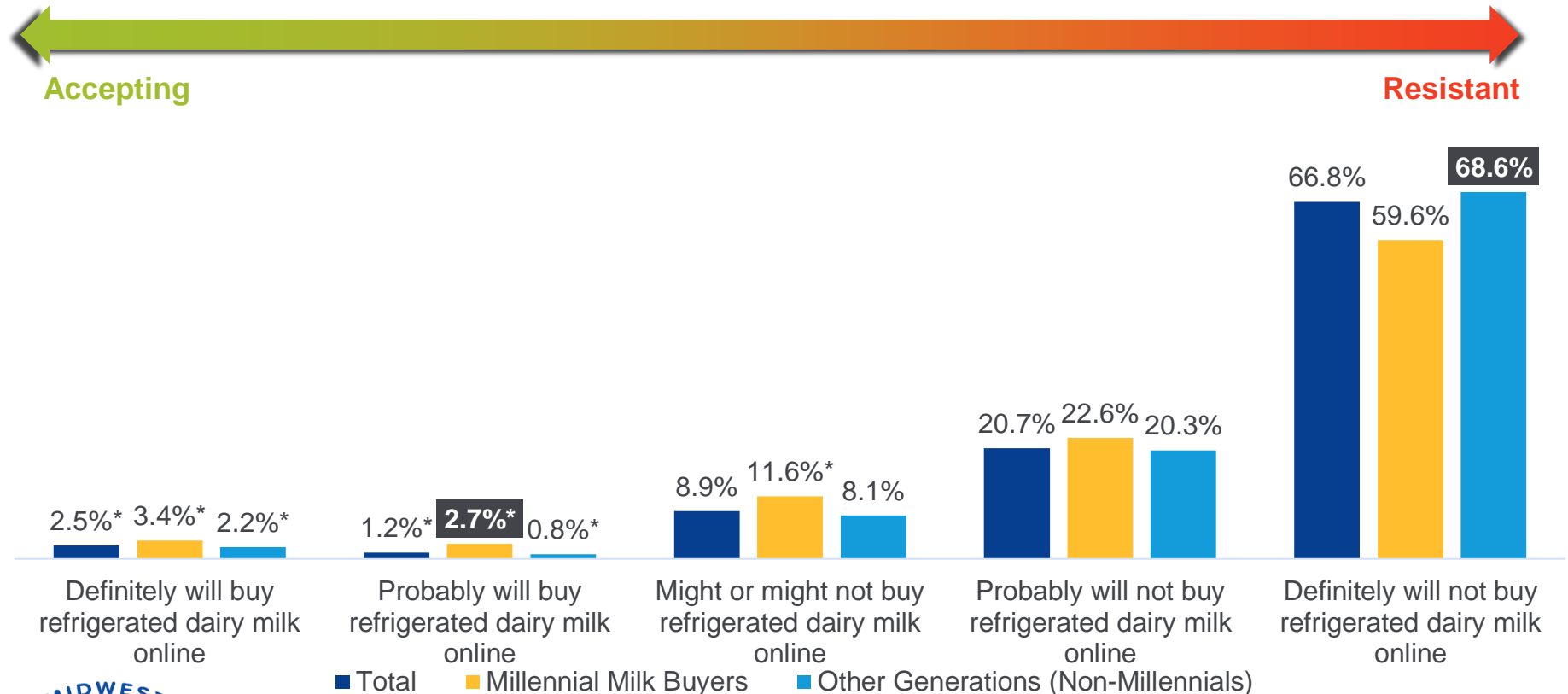
Statistically Significant

* Low sample, use directionally

Source: IRI Custom Survey, 52 Weeks Ending 9/2019

Millennials are more open to buying milk online; However, across all age cohorts a significant amount of consumers are resistant

Consumer Perception About Buying Milk Online



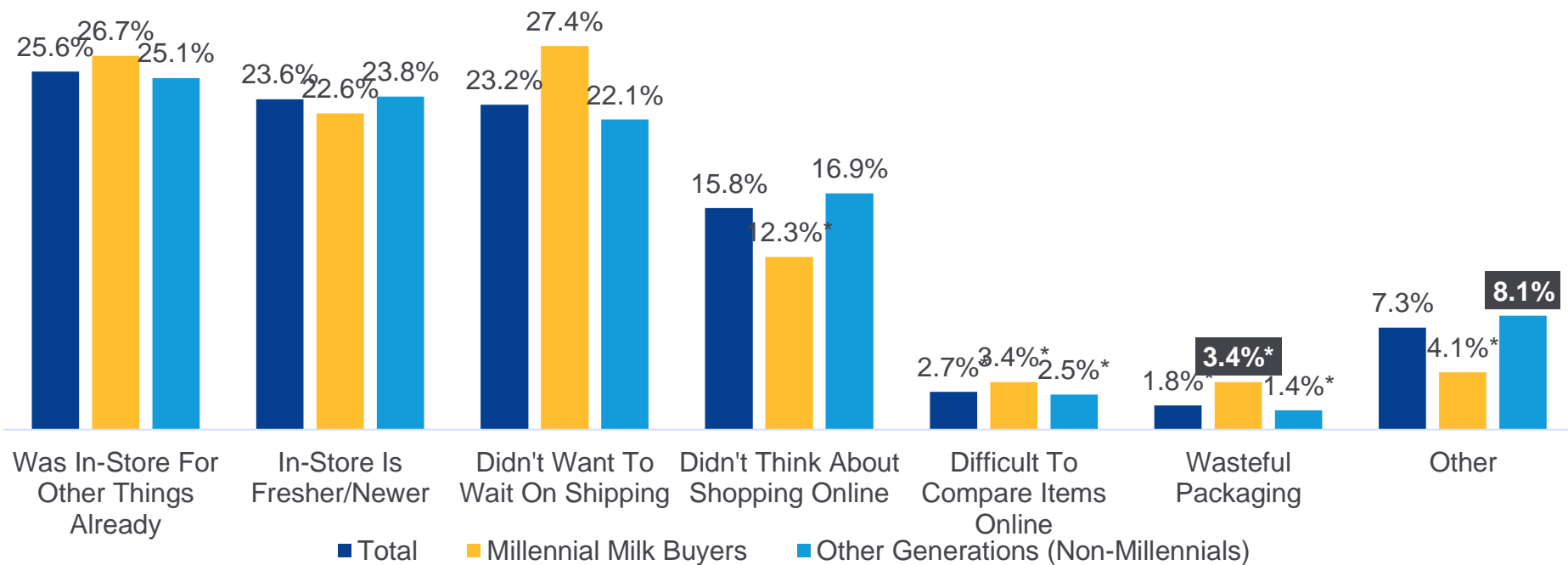
Statistically Significant

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Source: IRI Custom Survey, 52 Weeks Ending 9/2019

The primary reasons respondents chose to purchase milk in-store rather than online relate to being in-store for other purchases, freshness and no shipping

Milk Buyers Who Choose To Buy In Physical Store And Not To Buy Online Among Millennial & Non-Millennial Respondents



Statistically Significant

* Low sample, use directionally

Source: IRI Custom Survey, 52 Weeks Ending 9/2019

Key Insights: *How Millennials shop for milk differently than older generations*



Pre-tail Activities

- Millennials are list makers when it comes to grocery shopping and they are going online to do so using smart phones and tablets. Older generations make lists too, but they rely more heavily on offline versions.
- Millennials do plan the items they intend to buy; however, unlike older generations Millennials are more open to deviating from their plan.
- Children are more prevalent in Millennial homes which has an impact on milk purchasing due to family requests.



Store Choice Drivers & Barriers to Online Shopping

- Millennials tend to be weekday evening shoppers while older generations tend to shop in the afternoon for milk.
- Convenience is the main reason that all milk buyers, including Millennials, choose to shop a physical store for milk.
- When it comes to buying milk online, Millennials are less resistant than older generations; however, concern over freshness and the need for immediate gratification are barriers.



Shopping Experience

- Convenience, price and product assortment are key influencers on Millennial milk purchases; however, simply walking past the dairy aisle acts as a stronger purchase reminder for younger consumers.
- Though competitive prices are important, Millennials are less deal-sensitive when buying milk than older generations are. Millennials are more likely to pay a higher price and a higher percentage of Millennials state that they would have purchased milk anyway even if it was at full price.



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3 Ways to Reach the Largest Buying Population

1) Innovate with pre-tail activities



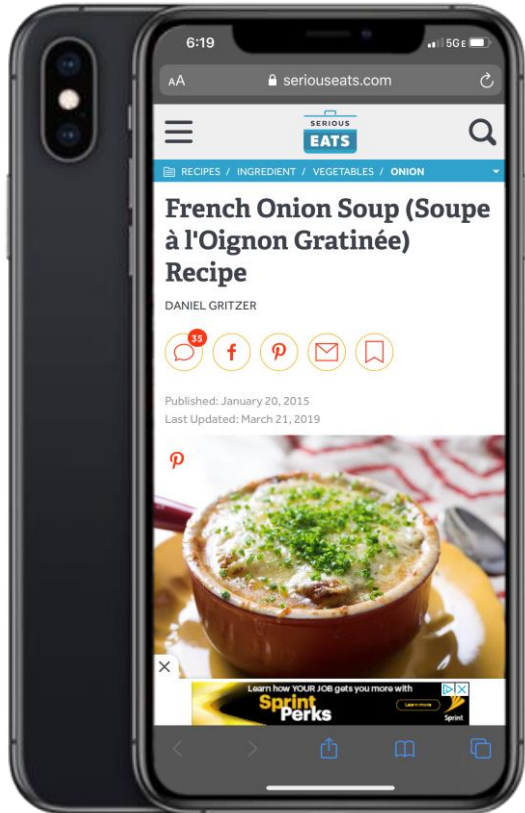
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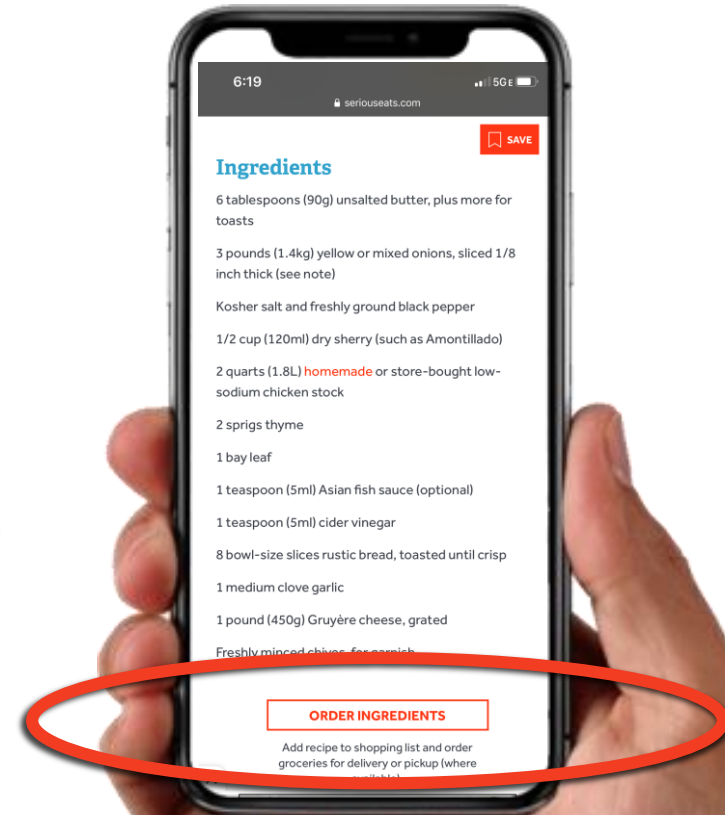
- **Engage with Millennial moms, but don't forget about guys/dads.**
- **Make list making simple with recipe/meal prep conversion into a shopping list.**
- **Knowing they are most influenced at the store, use signage to share the benefits of milk.**
- **Create solutions to bridge the gap before the household runs out of milk.**
- **Use partnership opportunities to capture the interest of kids.**



Make grocery planning easy with new technology



Scroll To The
Ingredients...





Help Millennials avoid run out through creative shopper marketing incentives

**\$10 OF MILK IN
YOUR CART?**

**Come by the bakery
to get a free cookie!**



**What's the nutritional
difference between
these milks? Hear
tips from our
dietitian!**



**Pair a half gallon with
a gallon purchase
and, we will donate
\$.50 to the Great
American Milk Drive.**

2) Capitalize on store choice drivers



Store Choice Drivers & Barriers to Online Shopping

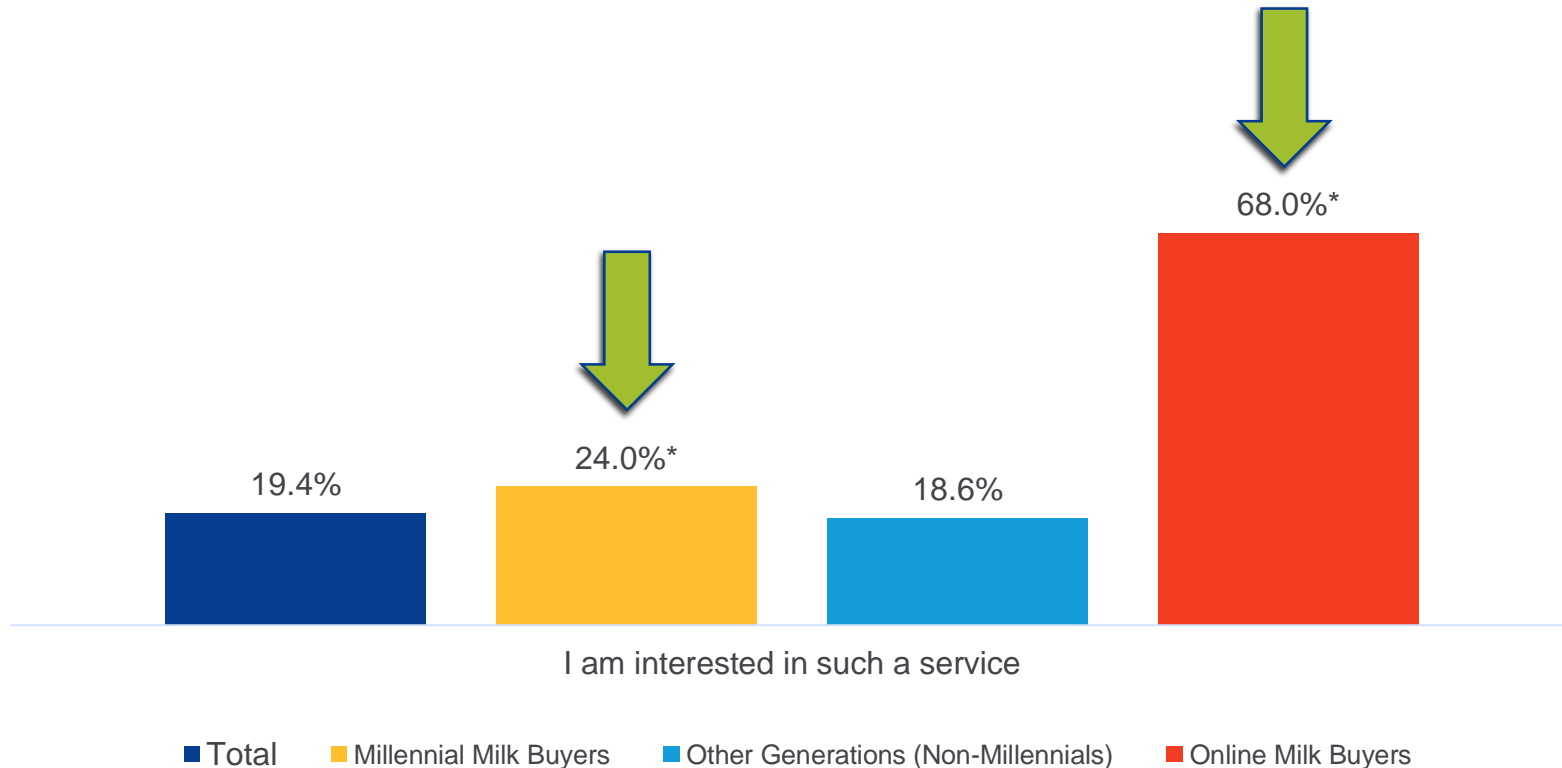
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- **Make weekday evening shopping easier.**
- **Make shopping with kids an enjoyable experience. If kids like the store, could that drive parents to be more loyal?**
- **Improve convenience by shelving milk in multiple locations.**
- **Expand self-check out to make shopping quick and easy.**
- **Explore auto-replenish for the audience of Millennials that are interested in subscription-based buying.**



Consider offering a milk as a subscription model

Interest Level In Online Subscription-Based Milk Delivery Services Among Those Who Are Aware Of Them





Offer an experiential milk subscription delivery program featuring milks that are not available in-store





Add convenience through shelving milk in multiple locations and having quick and easy checkout



3) Enhance the shopping experience



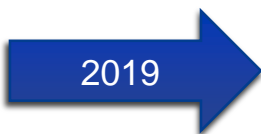
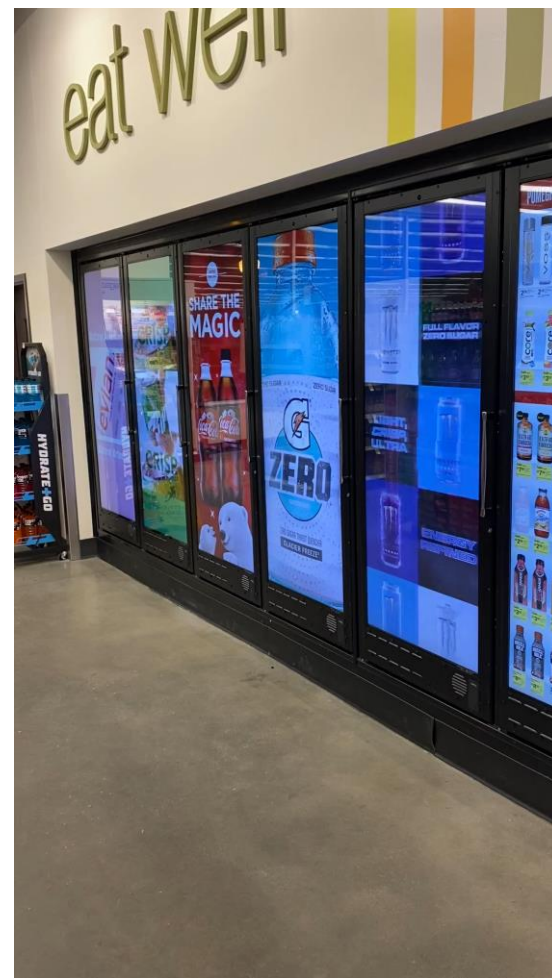
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- **Opportunity to further engage with Millennials on their phones in-store.**
- **Understand which brands of milk are most important to Millennials to avoid out of stocks on weekday evenings.**
- **Reward parents who come in and buy milk at full price through offering unexpected deals and value to strengthen the relationship.**
- **Make the shopping trip a fun destination and upgrade their shopping experience with technology.**



Upgrade in-store experiences with technology





Create a memorable family-friendly shopping experience



Key Insights

- Today's consumer wants information about food that extends beyond caloric intake.
- Millennials are a prime audience for growing dairy sales.
- Millennials shop for milk differently than older generations.
- Millennials plan their shopping trip with technology, enjoy in-store experiences, are more likely to change their mind in-store and they make decisions based on their children and convenience.
- Millennials care about the price of milk, but are influenced more by value.
- Millennials are still resistant to purchasing milk online, but are more open to it than older generations.
- We can engage the Millennial milk consumer through making their pre-tail shopping easier, adding stock- up incentives, providing the right shelf assortment/variety, providing multiple avenues for purchasing milk and having unique family-friendly in-store experiences.

Questions?

To receive more in-depth data on Millennial's milk path-to-purchase contact your local Demand manager or email insights@midwestdairy.com



Bringing Dairy to Life!

POLL: What is one thing you learned today about how Millennials shop for milk?

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