Before the start of the webinar, follow the instructions below to engage in the poll function:

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Millennials and Milk

3 WAYS TO REACH THE LARGEST BUYING POPULATION
Today’s Presenters and Panelists

Martha Kemper  
Vice President, Dairy Experience - Demand  
Midwest Dairy

Chris Costagli  
Consultant, Client Insights  
Information Resources Inc

Megan Sheets  
Manager, Consumer Insights  
Midwest Dairy
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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.

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

Source: Mintel The Millennial Impact Food Shopping Decisions Report June 2019; Base: 1,941 internet users aged 18+ who are responsible for food/drink shopping. Lightspeed/Mintel
Households *with kids* purchase more dairy, making them prime to draw into the category more deeply

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

Source: IRI Total US Multi-Outlet + Convenience
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
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
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

- **Female**:
  - Total: 78.1%
  - Millennials: 86.3%
  - Other Generations: 75.4%
  - This is the case for both younger and older Millennial females.

- **Male**:
  - Total: 21.9%
  - Millennials: 13.7%
  - Other Generations: 24.6%

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

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Millennial Milk Buyers</th>
<th>Other Generations (Non-Millennials)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made a List</td>
<td>85.3%</td>
<td>87.0%</td>
<td>84.8%</td>
</tr>
<tr>
<td>Offline List</td>
<td>69.7%</td>
<td>68.5%</td>
<td>69.8%</td>
</tr>
<tr>
<td>Online List</td>
<td>19.2%</td>
<td>25.3%</td>
<td>17.6%</td>
</tr>
</tbody>
</table>

Online List Making Among Millennial & Non-Millennial Respondents

\[
\text{Online List Making} = \frac{\text{Number of Online List Users}}{\text{Total Number of Users}} \times 100
\]

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

<table>
<thead>
<tr>
<th>Plan Specific Item</th>
<th>Plan Specific Item, Open To Change</th>
<th>Plan To Buy Category, Decide Item In Store</th>
<th>Unplanned Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>39.3% 33.6% 40.7%</td>
<td>18.9% 17.2% 24.7%</td>
<td>16.8% 14.4% 17.6%</td>
</tr>
<tr>
<td>Millennial Milk Buyers</td>
<td>40.7% 33.6% 40.7%</td>
<td>24.7% 17.2% 24.7%</td>
<td>27.4% 24.5% 27.4%</td>
</tr>
<tr>
<td>Other Generations (Non-Millennials)</td>
<td>39.3% 33.6% 40.7%</td>
<td>18.9% 17.2% 24.7%</td>
<td>16.8% 14.4% 17.6%</td>
</tr>
</tbody>
</table>

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

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

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

* Low sample, use directionally

Click & Collect was not part of the respondents’ consideration set.
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

<table>
<thead>
<tr>
<th>Reason</th>
<th>Total</th>
<th>Millennial Milk Buyers</th>
<th>Other Generations (Non-Millennials)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop Preference</td>
<td>37.7%</td>
<td>40.4%</td>
<td>36.8%</td>
</tr>
<tr>
<td>Enjoy Shopping Physical Store</td>
<td>26.4%</td>
<td>28.8%</td>
<td>25.6%</td>
</tr>
<tr>
<td>Walking Aisles Helps Me Remember What I Need/Want</td>
<td>25.1%</td>
<td>26.7%</td>
<td>24.8%</td>
</tr>
</tbody>
</table>

In total not a statistically significant difference between Millennials and non-Millennials, however:
- Younger Millennials: 41.2%
- Older Millennials: 25.0%

Younger Millennials like going to the store!

*Low sample, use directionally*

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

- **Non-Millennial** respondents shopping for milk tend towards weekday afternoons:
  - Retirees/seniors
  - Flex work hours from tenure

- **Millennial** respondents shopping for milk tend towards weekday evenings:
  - After work
  - After dropping kids at activity
  - After school (adult night)

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Total</th>
<th>Millennials</th>
<th>Other Generations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale, Special And/Or Coupon</td>
<td>19.9%</td>
<td>13.7%</td>
<td>21.9%</td>
</tr>
<tr>
<td>Regular Price</td>
<td>80.1%</td>
<td>86.3%</td>
<td>78.1%</td>
</tr>
</tbody>
</table>

Purchase Intent If At Full Price

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Millennials</th>
<th>Other Generations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Would Have Purchased</td>
<td>50.6%</td>
<td>60.0%*</td>
<td>48.9%</td>
</tr>
</tbody>
</table>

Would Not Have Purchased

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Millennials</th>
<th>Other Generations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>49.4%</td>
<td>40.0%*</td>
<td>51.1%</td>
</tr>
</tbody>
</table>

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

* Low sample, use directionally
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**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Millennial Milk Buyers</th>
<th>Other Generations (Non-Millennials)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitely will buy refrigerated dairy milk online</td>
<td>66.8%</td>
<td>68.6%</td>
<td>59.6%</td>
</tr>
<tr>
<td>Probably will buy refrigerated dairy milk online</td>
<td>20.7%</td>
<td>22.6%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Might or might not buy refrigerated dairy milk online</td>
<td>11.6%</td>
<td>11.6%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Probably will not buy refrigerated dairy milk online</td>
<td>8.9%</td>
<td>8.9%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Definitely will not buy refrigerated dairy milk online</td>
<td>2.5%</td>
<td>3.4%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

*Low sample, use directionally.*

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

- **Was In-Store For Other Things Already**: 25.6%, 26.7%, 25.1%
- **In-Store Is Fresher/Newer**: 23.6%, 22.6%, 23.8%
- **Didn’t Want To Wait On Shipping**: 27.4%, 22.1%
- **Didn’t Think About Shopping Online**: 15.8%, 12.3%, 16.9%
- **Difficult To Compare Items Online**: 2.7%, 3.4%, 2.5%
- **Wasteful Packaging**: 1.8%, 3.4%, 1.4%
- **Other**: 7.3%, 4.1%

*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 tables. 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.

Source: IRI Custom Survey, 52 Weeks Ending 9/2019
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**
3 Ways to Reach the Largest Buying Population
1) Innovate with pre-tail activities

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 tables. 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.

- 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.

Source: IRI Custom Survey, 52 Weeks Ending 9/2019
Make grocery planning easy with new technology

Scroll To The Ingredients…

French Onion Soup (Soupe à l’Oignon Gratinée)

Recipe

DANIEL GRITZER

Published: January 20, 2015
Last Updated: March 21, 2019

Ingredients

- 6 tablespoons (90g) unsalted butter, plus more for toasts
- 3 pounds (1.4kg) yellow or mixed onions, sliced 1/8 inch thick (see note)
- Kosher salt and freshly-ground black pepper
- 1/2 cup (120ml) dry sherry (such as Amontillado)
- 2 quarts (1.9L) homemade or store-bought low-sodium chicken stock
- 2 sprigs thyme
- 1 bay leaf
- 1 teaspoon (5ml) Asian fish sauce (optional)
- 1 teaspoon (5ml) cider vinegar
- 8 bowl-size slices rustic bread, toasted until crisp
- 1 medium clove garlic
- 1 pound (450g) Gruyère cheese, grated
- Freshly ground black pepper

ORDER INGREDIENTS

Add recipe to shopping list and order groceries for delivery or pickup (where

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

- 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.

- 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.

Source: IRI Custom Survey, 52 Weeks Ending 9/2019
Consider offering a milk as a subscription model

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Millennial Milk Buyers</th>
<th>Other Generations (Non-Millennials)</th>
<th>Online Milk Buyers</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am interested in such a service</td>
<td>19.4%</td>
<td>24.0%*</td>
<td>18.6%</td>
<td>68.0%*</td>
</tr>
</tbody>
</table>

* Low sample, use directionally

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

- 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.

Source: IRI Custom Survey, 52 Weeks Ending 9/2019
Upgrade in-store experiences with technology

Source: IRI Custom Survey, 52 Weeks Ending 9/2019
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
POLL: What is one thing you learned today about how Millennials shop for milk?
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SUSTAINABILITY: FOSTERING GROWTH IN A COMPLEX RETAIL ENVIRONMENT

Tuesday, 12.08.2020
WHAT'S NEXT FOR DAIRY? TRENDS AND INNOVATIONS AROUND THE CORNER
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