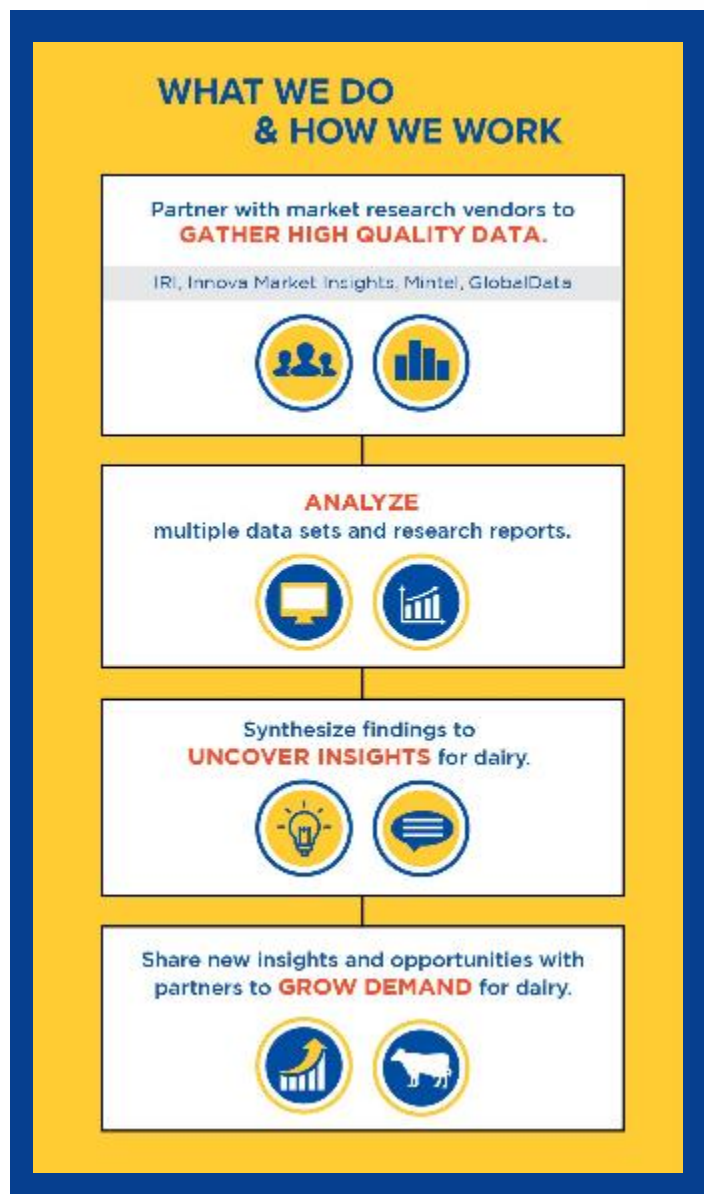


Executive Summary

Midwest Dairy seeks to better understand how dairy farmers and on farm creameries can connect with Millennials to increase trust and sales. We analyzed and synthesize research from multiple market research companies to develop this secondary research report uncovering Millennial trends, shopping habits and preferences. We've uncovered key insights and activations for dairy farmers and on farm creameries. Video interviews with Millennials highlight that this consumer segment is informed, curious and want to learn more from dairy farmers.



Consumer Insights - Process and Sources



MARKET RESEARCH SOURCES

- Information Resources Inc. (IRI)
- Mintel
- Euromonitor
- Innova Market Insights
- IDDBA
- Datassentials
- The Hartman Group

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.



Understanding the Millennial Consumer

July, 2019



Bringing Dairy to Life!

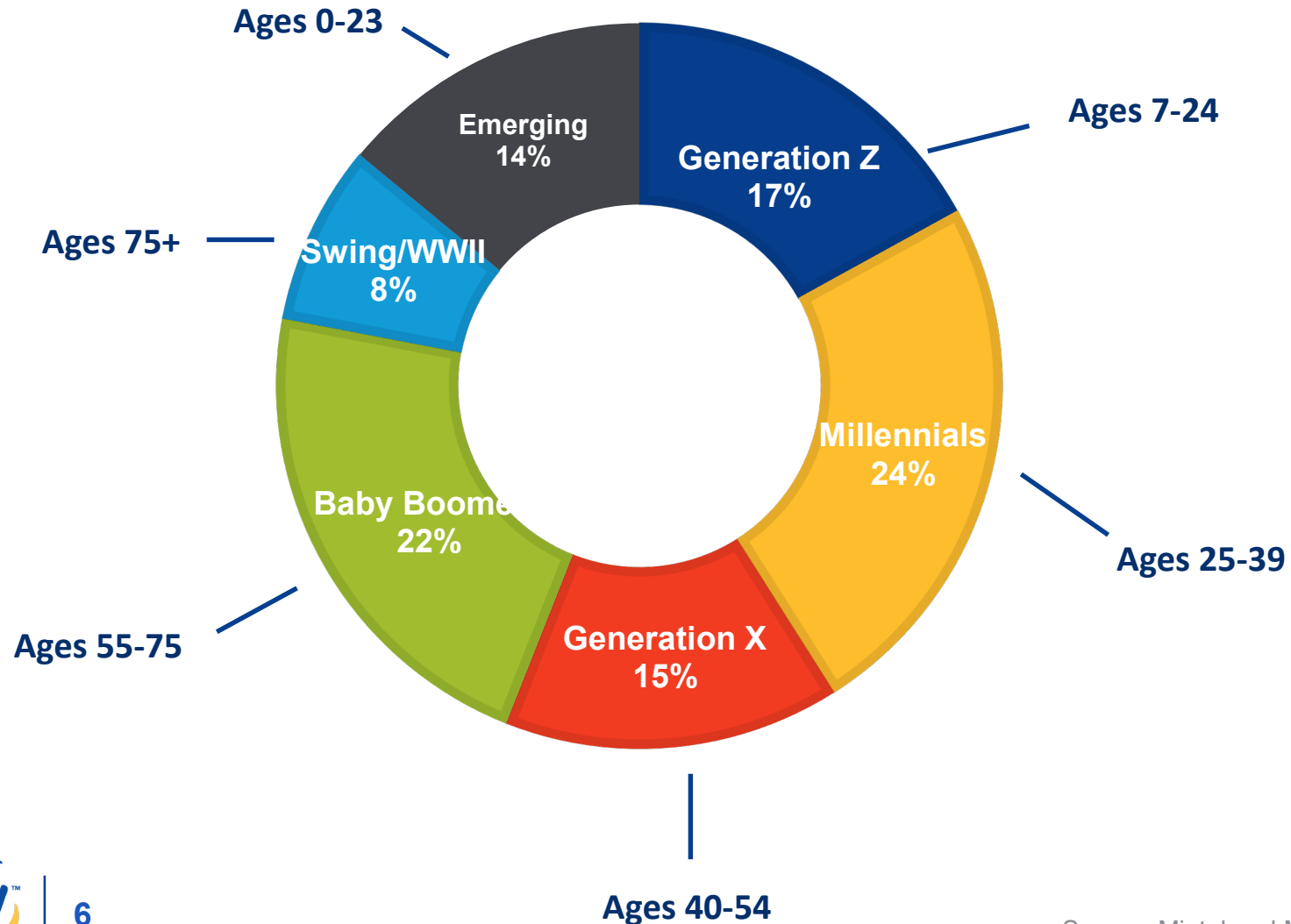
1. **Who are Millennials?**
2. Millennial shopper insights
3. Trends spanning all generations
4. Trends driving dairy innovation
5. Connecting with Millennials to ensure future growth

Born between 1980 and 1994, Millennials are 25 to 39 years old in 2019

They represent 75 million consumers



They are the largest generation and make up almost a quarter of the US population

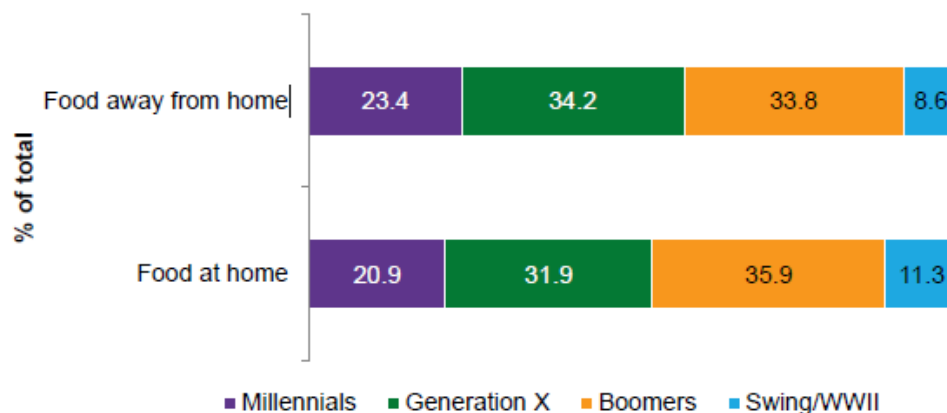


Despite their numbers, Millennials don't make up the largest share of spending on food

While they are entering their prime earning years, the fact that they grew up with the backdrop of the recession and discount retailers means they will likely continue to prioritize financial responsibility.



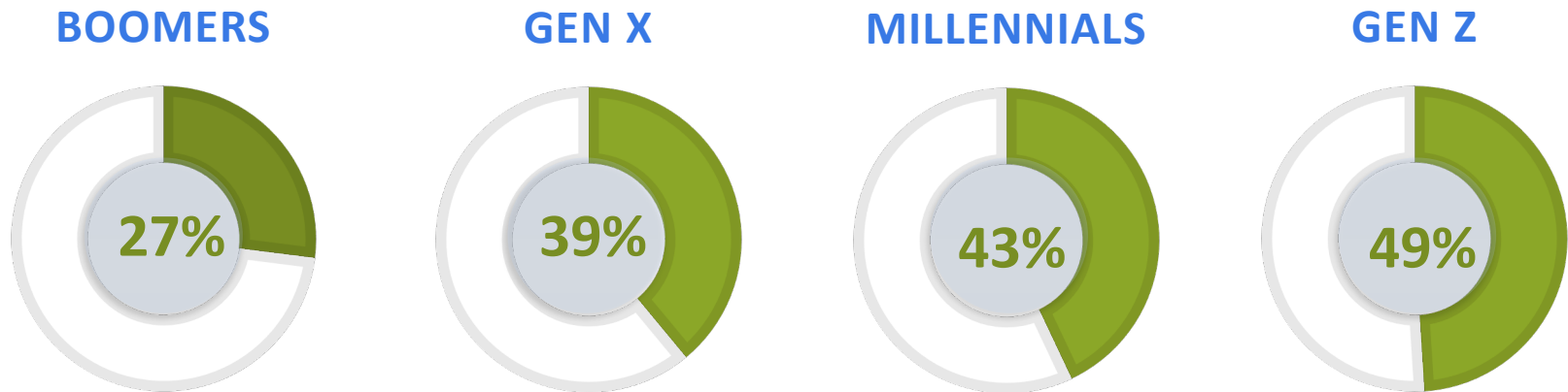
FIGURE 7: HOUSEHOLD SHARE OF TOTAL EXPENDITURES FOR FOOD AT HOME AND AWAY FROM HOME ACCOUNTED FOR BY EACH GENERATION, 2017



Source: based on US Bureau of Labor Statistics, Consumer Expenditure Survey/Mintel

Millennials are the second most diverse generation, next to Gen Z

PERCENT OF NON-WHITE POPULATION BY GENERATION



People identifying as two or more races will double by 2060.

Millennial snap shot



More educated than older generations were at the same age.



48% have children in their household.



Slower than earlier generations were to get married.

Less likely to be homeowners than older generations were at the same age.



Spending more time with their children than previous generations.



Willing to spend money on convenience and simplifying their lives.



Men are commonly taking the responsibility of care-givers and are often taking over household chores.





Bringing Dairy to Life!

1. Who are Millennials?
2. **Millennial shopper insights**
3. Trends spanning all generations
4. Millennial trends driving dairy innovation
5. Connecting with Millennials to ensure future growth

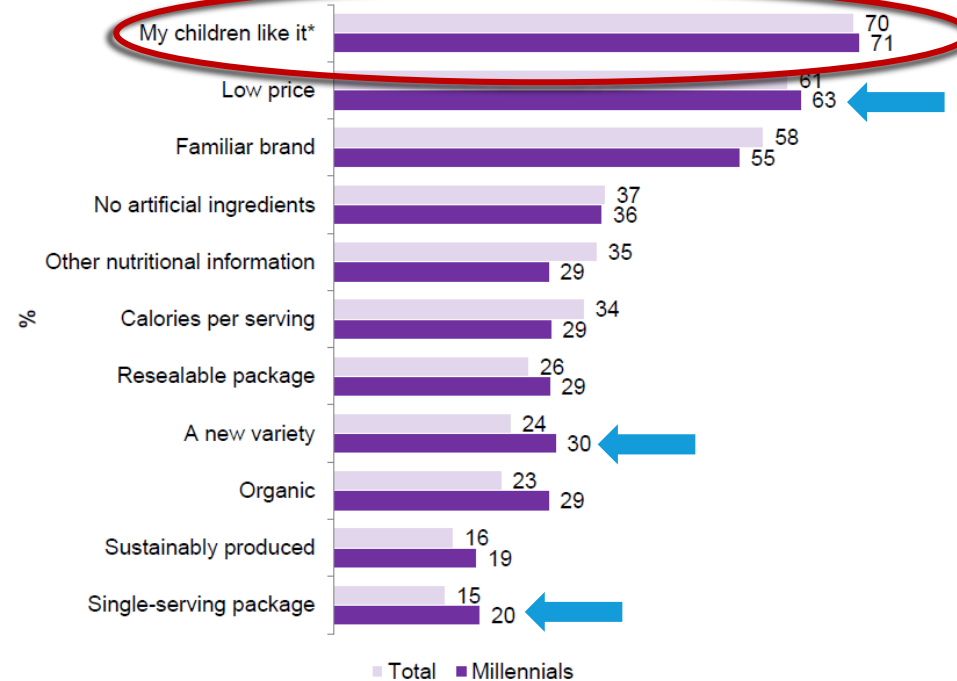
Children play a huge role in Millennial's food and drink purchases

Price, variety and convenience are also important

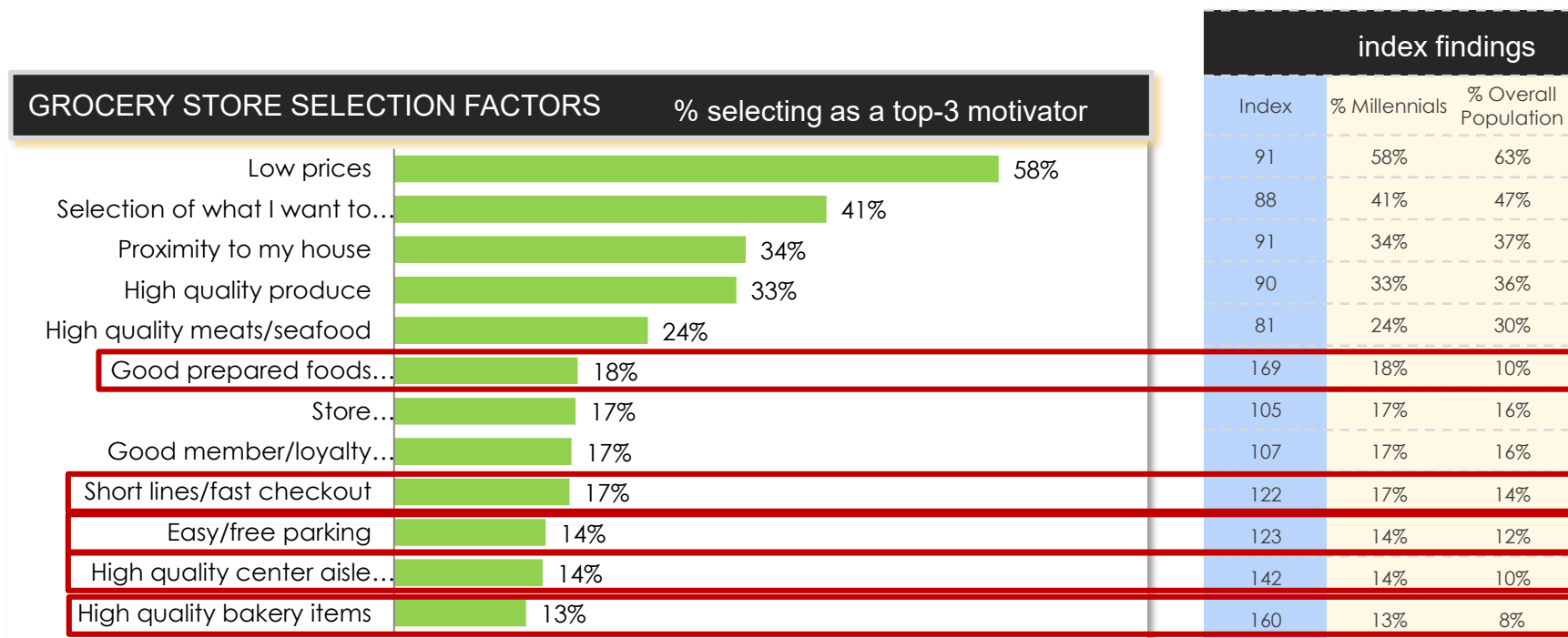


FIGURE 3: FOOD AND DRINK PURCHASE FACTORS, FEBRUARY 2019

"Which of the following factors influence your food and drink purchase decisions while shopping? Please select all that apply."



Millennials are more likely than the general population to be motivated by **convenience** factors and **high quality** prepared foods

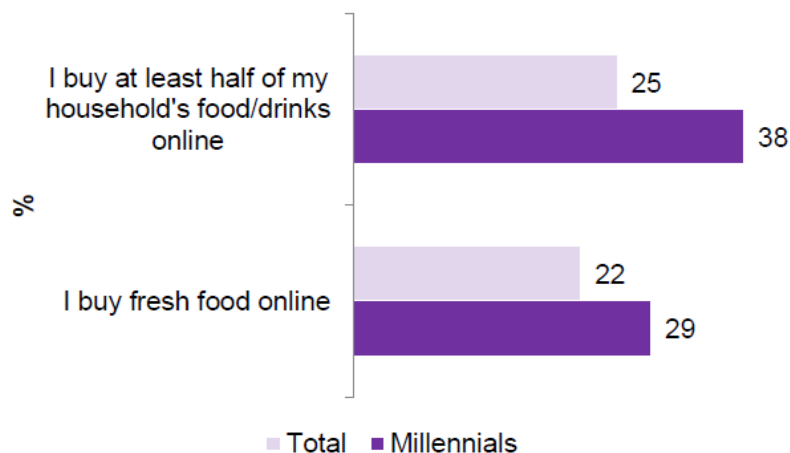


Millennials are more likely to shop online for food and drink

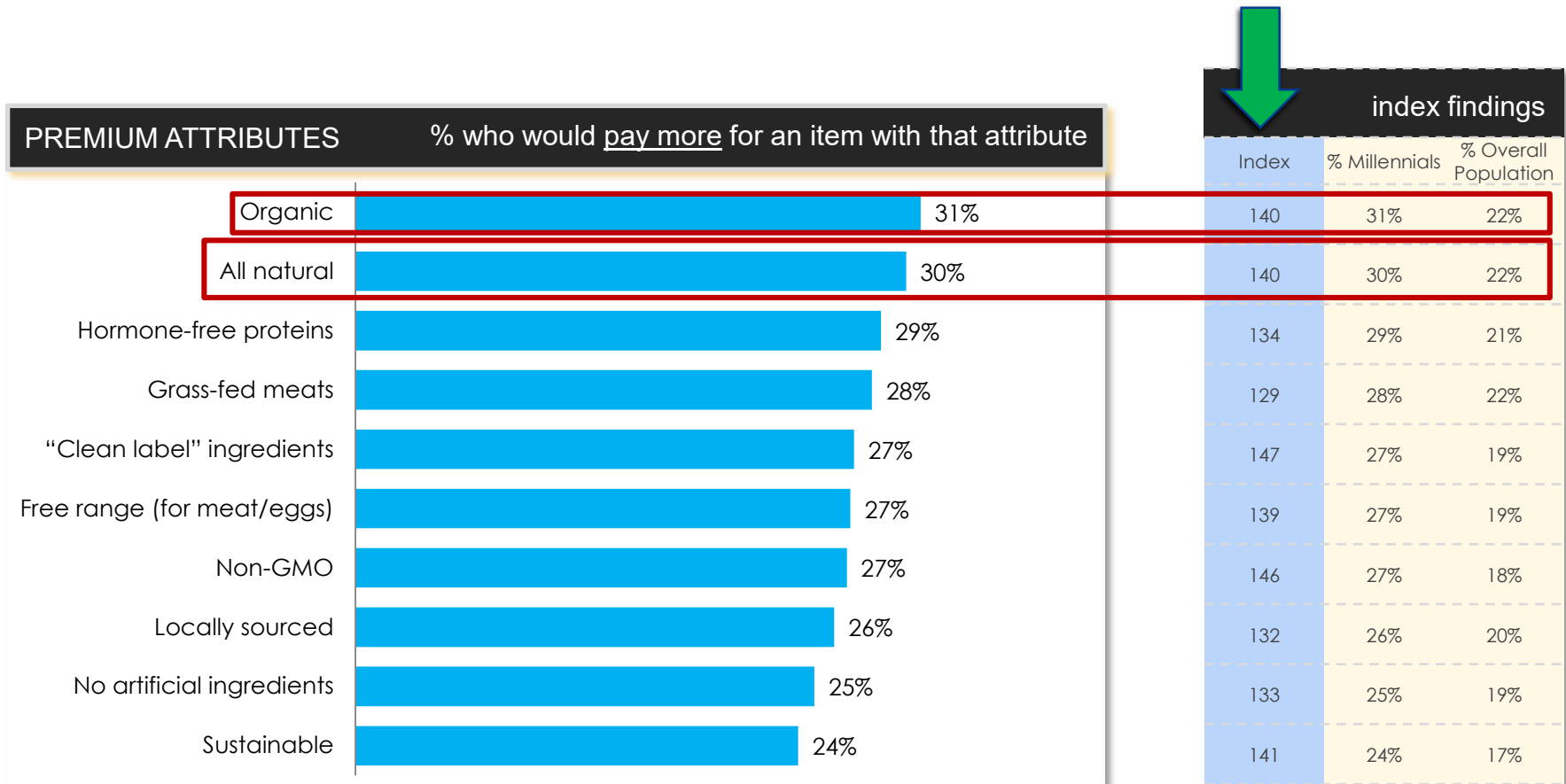
Shopping online adds convenience, variety and makes it easier to shop to value finds vs. in-store.

FIGURE 5: SHOPPING FOR FOOD AND DRINK ONLINE – AMOUNT, FEBRUARY 2019

“Which of the following statements about online food/drink shopping apply to you? Please select all that apply.”



Millennials are more likely to pay more for premium offerings than the general population



Millennials are more likely to be avoiding *multiple* allergens, while the general population is more likely avoiding just one.

They are also more likely to limit or avoid dairy than the general population.

ALLERGENS: NUMBER CURRENTLY AVOIDING

	Index	% Millennials	% Overall Population
One	81	9%	11%
Two	99	6%	6%
Three	128	5%	4%
Four or more	182	11%	6%

ALLERGENS: DON'T RESTRICT

	Index	% Millennials	% Overall Population
Gluten	92	72%	79%
Wheat	92	77%	84%
Dairy	90	74%	83%
Soy	95	72%	76%
Peanuts	92	79%	86%
Tree nuts	91	77%	84%
Eggs	91	78%	86%

ALLERGENS: LIMIT

	Index	% Millennials	% Overall Population
Gluten	123	18%	14%
Wheat	128	14%	11%
Dairy	131	17%	13%
Soy	117	16%	13%
Peanuts	134	12%	9%
Tree nuts	151	13%	9%
Eggs	132	12%	9%

ALLERGENS: AVOID ENTIRELY

	Index	% Millennials	% Overall Population
Gluten	139	10%	7%
Wheat	171	9%	5%
Dairy	187	9%	5%
Soy	110	12%	11%
Peanuts	168	9%	6%
Tree nuts	141	10%	7%
Eggs	188	10%	5%

Millennials use many types of media for food-related information instead of having a single source

30%
of Millennials use
FACEBOOK as an
essential source for
food-related info

25%
of Millennials use
WEBSITES as an
essential source for
food-related info

23%
of Millennials use
TV SHOWS as an
essential source for
food-related info

NUMBER OF ESSENTIAL SOURCES USED index findings

	Index	% Millennials	% Overall Population
None	72	41%	56%
One	86	13%	15%
Two	133	12%	9%
Three	145	9%	6%
Four or more	192	25%	13%

Millennials are more willing to pay more for food and beverage products with sustainable attributes



Percentage of consumers who are willing to pay...

	Millennials	Gen X	Boomers
20% or more	83%	74%	65%
30% or more	74%	63%	51%
50% or more	61%	50%	41%
70% or more	43%	36%	26%



Bringing Dairy to Life!

1. Who are Millennials?
2. Millennial shopper insights
3. **Trends spanning all generations**
4. Millennial trends driving dairy innovation
5. Connecting with Millennials to ensure future growth

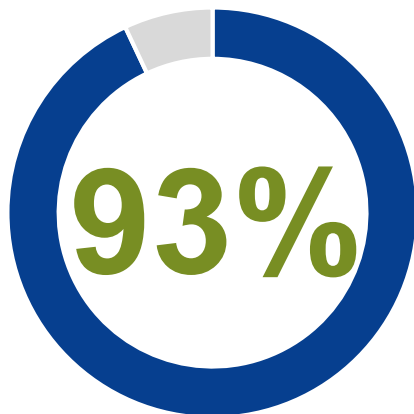
Some trends are not specific to Millennials



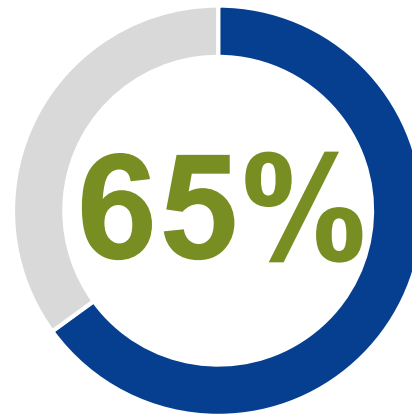
How are Millennials
similar to other
generations?

Consumers of all ages are shopping at multiple channels for groceries

Despite claims of being time-starved, consumers do not seem to want a one-stop shop



Of consumers shopped between 2 and 10 retail channels for groceries in the past 30 days.



Of consumers shopped between 3 and 6 retail channels for groceries in the past 30 days.

Primary shoppers visited an average of

4.4
CHANNELS

In the past 30 days.

More than half of all consumers are looking for food transparency

Consumers weigh more factors in their food decisions:

- Who made it?
- Who owns the company that made it?
- Where is it from? Is it locally driven?
- 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?

64%

Of consumers want companies to be open and honest about the ingredients in food and beverage products.



Holistic health is viewed positively across all generations

While not all consumers report consistently following a healthy diet, most draw strong connections between *what they eat and how they feel*.

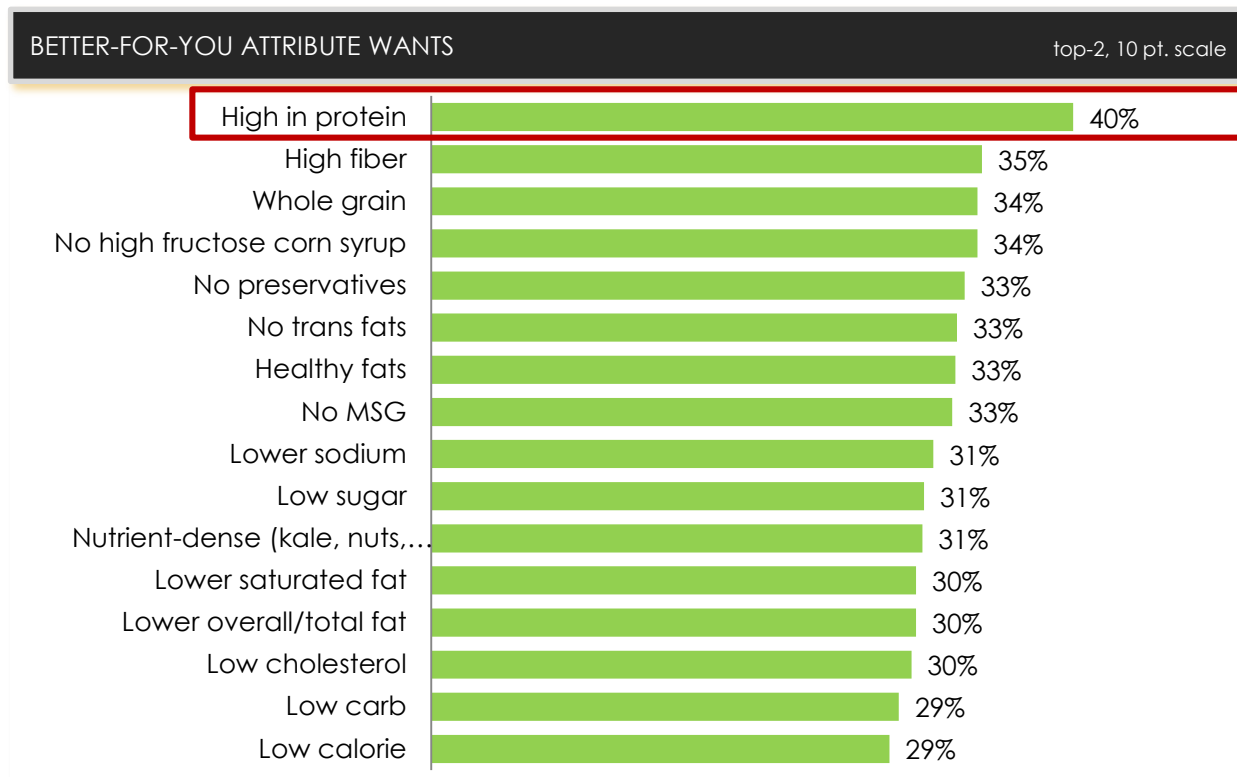


“What I eat impacts my emotional wellbeing”



“What I eat impacts my physical wellbeing”

All generations are looking for better-for-you attributes, with protein topping the list



index findings		
Index	% Millennials	% Overall Population
101	40%	40%
93	35%	37%
100	34%	34%
90	34%	38%
98	33%	34%
87	33%	38%
92	33%	36%
96	33%	34%
91	31%	35%
90	31%	34%
117	31%	26%
88	30%	35%
94	30%	32%
93	30%	32%
105	29%	28%
103	29%	28%

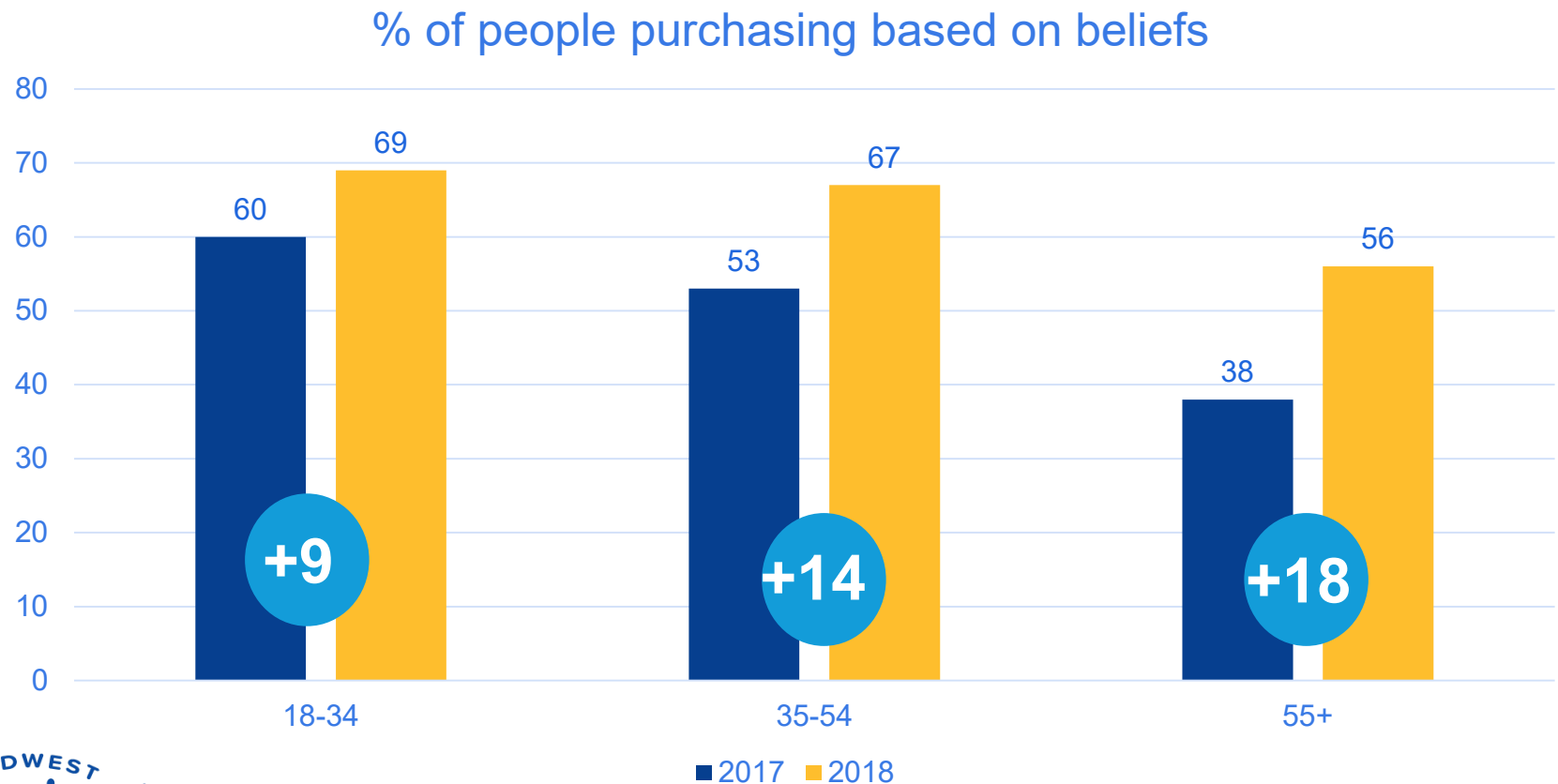
Snacking is a macro trend that spans all generations

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



Ethical eating and belief-driven buying is a new normal

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





Bringing Dairy to Life!

1. Who are Millennials?
2. Millennial shopper insights
3. Trends spanning all generations
4. **Trends driving dairy innovation**
5. Connecting with Millennials to ensure future growth

Convenience and snacking trends drive on-the-go packaging

22% of the global population consume dairy as a snack food.



March 2019



February 2019



April 2019



January 2019



April 2019

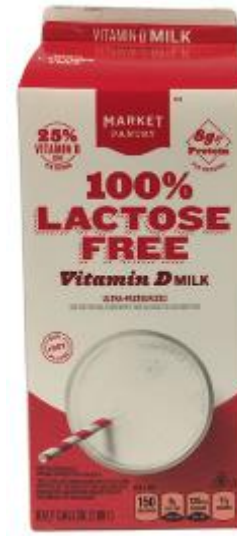
Increase in lactose intolerance among consumers drive gut-friendly dairy options



March 2019



October 2018



February 2019



March 2019



April 2019

Consumer's interest in high protein, low sugar has inspired product reformulations



January 2019



February 2019



April 2019



January 2019



March 2019

Experimentation and the “permissible indulgence” trend has led to new innovative flavors



May 2019



May 2019

May 2019



April 2019



April 2019

Holistic health and absence of negatives drives added nutrition and packaging claims

71% of consumers perceive fatty acids, like Omega 3's, to have a positive impact on their health and 53% say that they believe probiotics have a positive impact on their bodies.

February 2019



February 2019



April 2019



May 2019



May 2019



January 2019



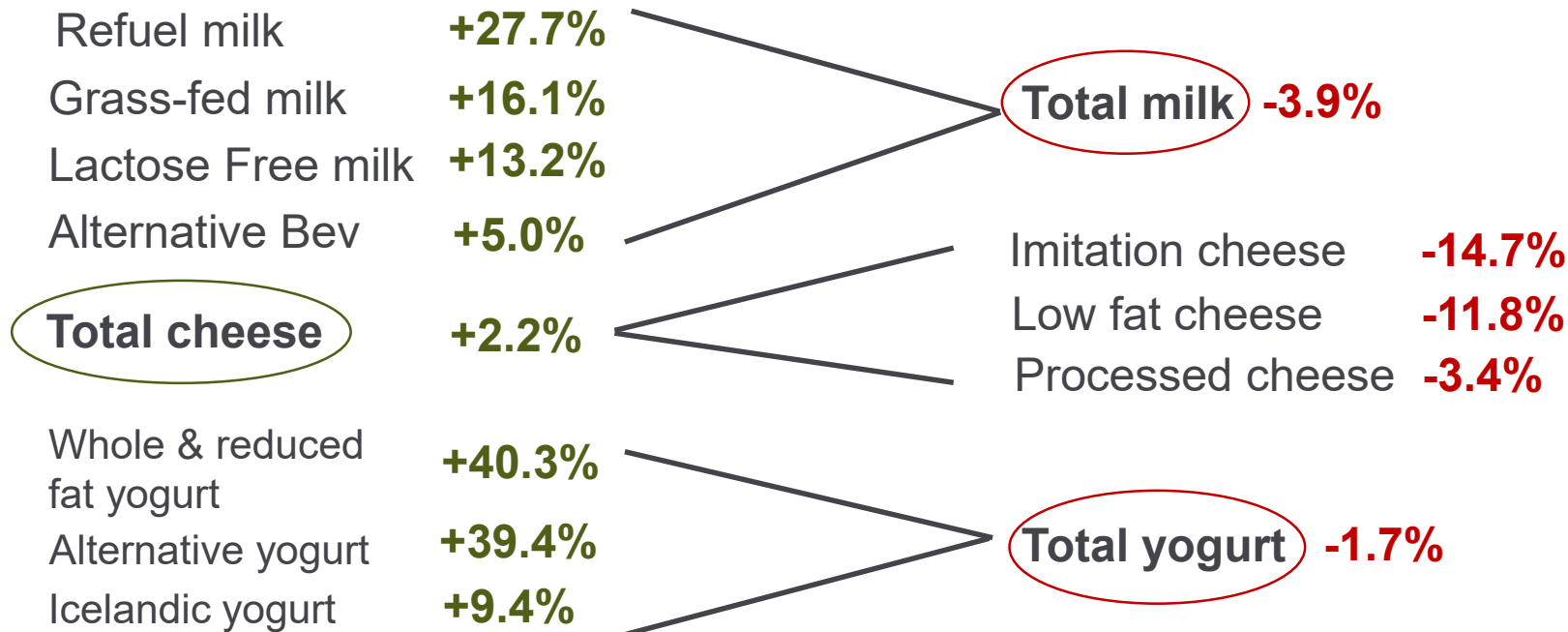
Consumer trends are impacting dairy sales

What's going well with milk, cheese and yogurt and what is not?

GROWING IN VOLUME SALES

DECLINING IN VOLUME SALES

Volume % change YTD as of 3/31/19





Bringing Dairy to Life!

1. Who are Millennials?
2. Millennial shopper insights
3. Trends spanning all generations
4. Trends driving dairy innovation
5. **Connecting with Millennials to ensure future growth**

Make it easy for consumers to have their questions answered

- Is this product sustainable?
- Is it allergen friendly?
- Was this made with GMOs?
- Is it natural or organic?
- Is it local?
- How much protein is in it?
- How much sugar is in it?
- Are there any harmful ingredients?



Innovate to offer Millennials solutions that will save time and the planet

The return of milkmen? Milk and More in the UK is already providing modern doorstep deliveries. Dairy alternative companies exist too, such as Mylkman and Mlkman.



This concept extends beyond milk

Loop, a subscription delivery service, launched in May 2019 and is ready to start delivering dairy products, groceries and general consumer goods. Its glass or metal containers will be picked up, cleaned and refilled for future use.



Address health beyond the nutrition label

“How will this add value to my life **right now?**”



Share dairy's sustainable story

74% of consumers base purchase decisions in part on sustainability concerns



Source: DMI Millennials and Disruption 2018

Foster transparency in dairy, starting on the farm

“What would you like to know from farmers about food production that you currently do not know?”



68%

of respondents said they want to know what farmers are doing to ensure animal care.

Emphasize quality, no matter the price point

While Millennials prioritize cost savings, they don't want "cheap."



Utilize influencers to reach consumers online

Millennial parents are not afraid to ask for advice in mom and dad groups online, and they are influenced by their peers.



Best Dairy Recipes for Summer & National Dairy Month

6 COMMENTS

The Impact of a Gallon

Summer is here (finally!) and June is National Dairy Month. To celebrate this I was able to attend a special event; yoga on the farm. Midwest Dairy partners with Common Ground Kansas for this awesome event to kick off the month!



Be human-centered in your communications with Millennials

Case study: Clorox, a cleaning supply brand, learned that convincing consumers that ‘cleaning is fun’ was a challenging endeavor.







Summary of key insights

- Millennials are the largest generation, but don't make up the largest spending on food, creating an opportunity for growth.
- Millennials are family-oriented and they make purchase decisions based on their kids, price, variety and convenience.
- They want ethical, sustainable, high-quality, allergen friendly “good for me and good for the planet” products.
- We must embrace technology with this generation, offering convenient online shopping options and digital communications through multiple platforms.
- Transparency and health are top of mind for consumers, and they want to know more from farmers.
- Food must offer Millennials added functionalities and be free of harmful ingredients.
- Dairy is innovating to reach the Millennial consumer through on-the-go packaging, product reformulations and added flavor innovation.

Millennials care and want to learn more from dairy farmers



Questions?



Bringing Dairy to Life!