



How has COVID 19 Impacted Dairy?

November 4, 2020

CHANGING TRENDS



COVID-19 Consumer Impacts

SHORT-TERM EFFECTS

Stockpiling

Supply chain disruption

MEDIUM/LONG-TERM EFFECTS

Growth in value-for-money offerings

Increase in home cooking

Decrease in foodservice

CONSUMER HABITS LIKELY TO REMAIN

Preferences for local foods

Concerns about food safety

Preventative health

Immune and digestive health

Consumers Stocking Up to Reduce Exposure Risk

FEWER TRIPS



WEEKDAY TRIPS



LARGER BASKETS



LARGER PACKAGES



ONLINE SHIFT





More Time at Home Means More Time Spent in the Kitchen

MORE AT HOME MEALS



MORE COOKING & BAKING



HEALTH V COMFORT

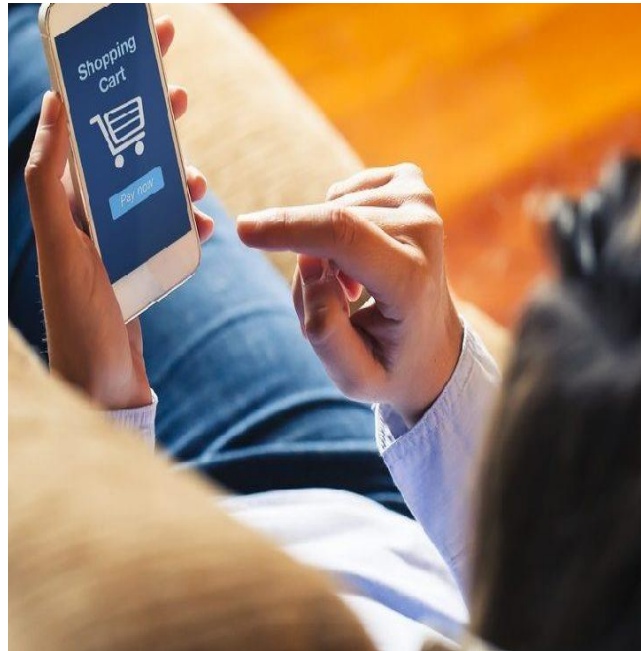


Online Shopping Provides Safety Solution

ATTRACTING NEW SHOPPERS



EXPERIENCED SHOPPERS INCREASING FREQUENCY



BOTH PLAN TO CONTINUE



E-Commerce Share of US Grocery Sales

3%

2019
Pre-COVID

5%

2022 Forecast
Pre-COVID

10%

April 2020



Milk is Making it Into the Digital Baskets

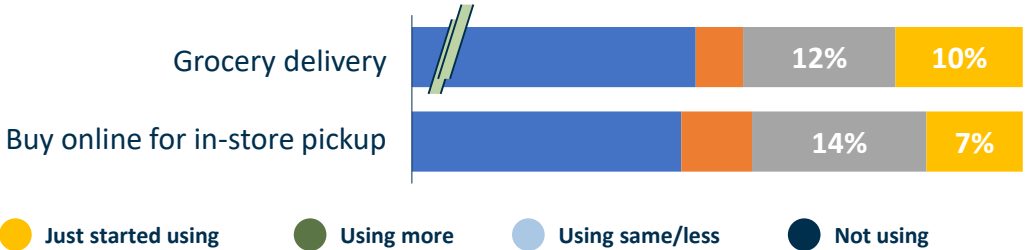
Now

40% of people say they're purchasing more dairy milk via e-comm.

Post-COVID

35% of people say they also plan to purchase more dairy milk via e-comm in the future.

Have you used or done any of the following since COVID-19 started?
% of respondents



COVID-19 Impacts on Dairy Processors

April

Milk prices decline
Massive supply chain disruption

May through August

Industry and company response to hunger issue

USDA announces \$4 billion in aid to fund for Farmers Feeding Families box program

September

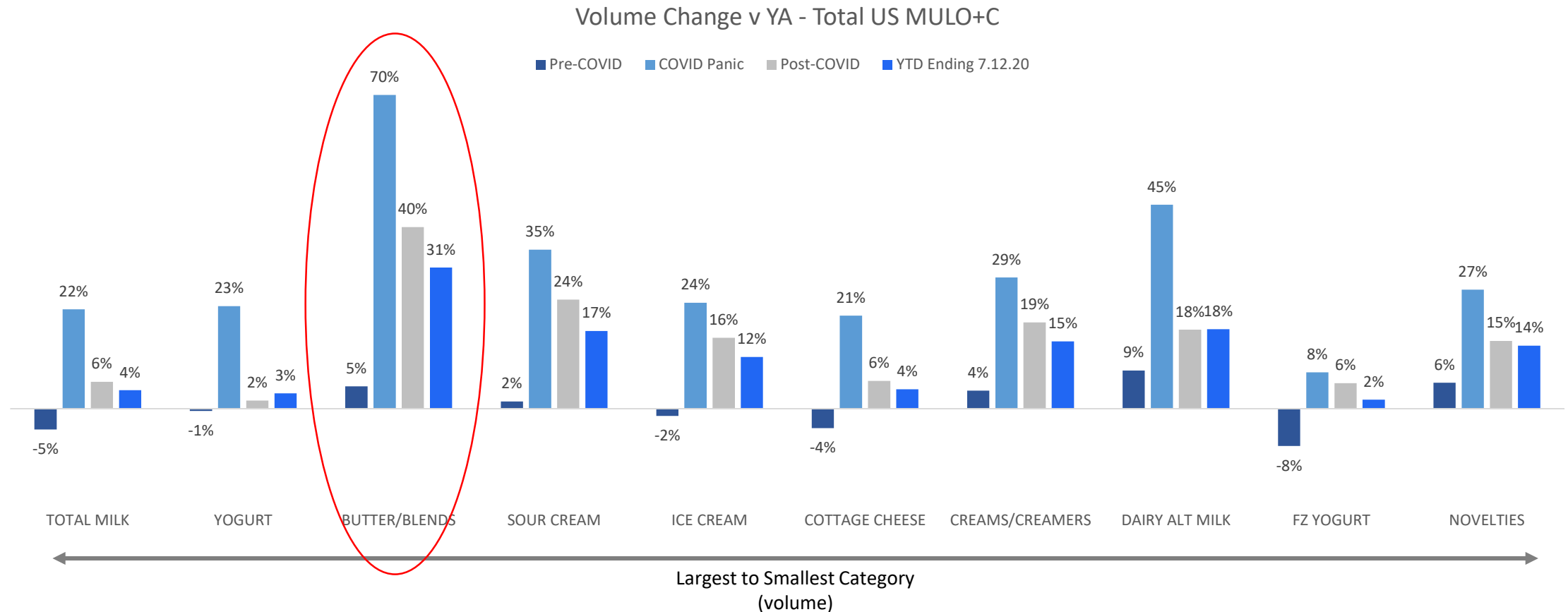
School disruption and impact to school milk volume

October

COVID cases spike across the country
Impact on workforce



COVID Spike Places all Key Dairy Categories in Positive Sales YTD vs YA



Trends that Sparked Dairy Sales

PANIC



LESS OUT OF HOME CONSUMPTION



AT HOME BAKING AND COOKING



SOCIAL MEDIA TRENDS





What's Next?

Consumer Demand Moving Forward

The Consumer is seeking:

Fresh & Local

Higher Protein / Natural Fats

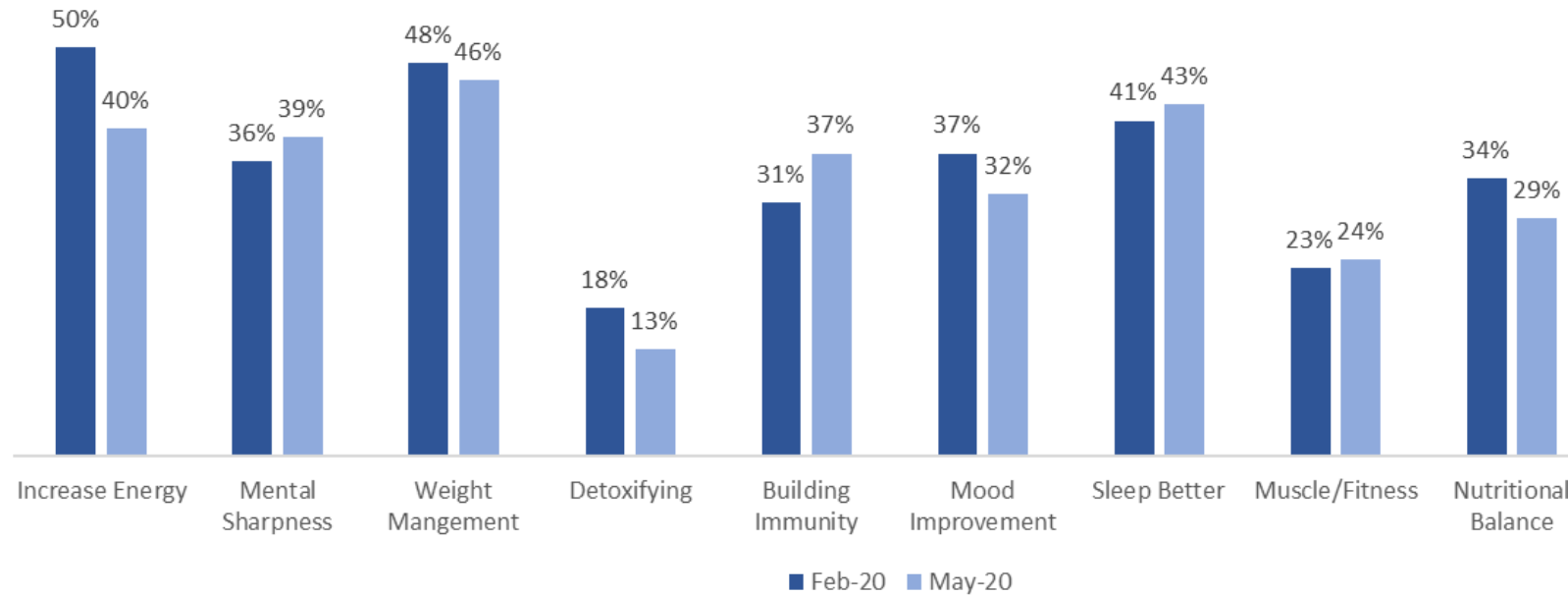
Fulfillment + Energy

Product Authenticity / Variety

Understanding of Sourcing / Sustainability

PLUS, COVID-19 has accelerated consumer demand for healthy, immunity boosting foods

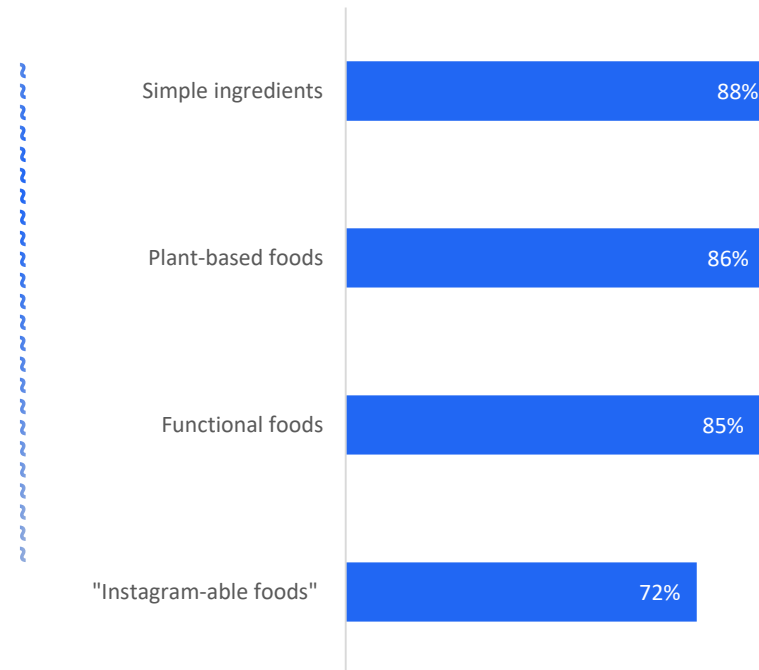
HEALTH LIFESTYLE GOALS



51% of consumers wish immunity-boosting foods were an option at all restaurants

How will COVID 19 impact longer term food trends?

Pre-COVID food trends haven't lost their appeal.



of those interested in that trend PRIOR to Coronavirus,
% who think they'll still be interested after the pandemic

Expect to See Immunity Boosters

WHAT TO EXPECT

*“What we found is a surge in health-focused products and those that **relieve stress and promote wellness.**”*

– Jordan Gaspar, managing partner of AF Ventures



New Citrus

(e.g., Buddha's hand, calamansi, etc.)



New Leafy Greens

(e.g., new raves, komatsuna, kale hybrids, etc.)



Sea Veggies

(e.g., seaweed, salicornia, etc.)



Nontraditional Fruit Vinegars

(i.e., beyond apple cider vinegar)



Spiked Green Juices

(i.e., kale- or celery-based drinks with alcohol)



Purple Foods

(e.g., elderberry, purple kale, purple artichoke, etc.)

What consumers say about Fresh & Local

LOCAL

- 41% of consumers and 53% of millennials agree/strongly agree that “It’s important that restaurants offer local flavors”
- 71% of consumers would be more likely to purchase food and beverages labelled local, and 31% would be willing to pay at least slightly more for it

FRESH

- 83% of consumer would be more likely to purchase food and beverages labeled fresh, and nearly half (46%) would be willing to pay at least slightly more for it
- 73% of consumers perceive items described as fresh to be at least slightly healthier

Opportunity for the dairy industry to leverage behaviors and attitudes that are being strengthened during the pandemic



Leverage meaningful milk moments



Highlight the versatility of milk



Convey the joy, nostalgia and happiness many associate with dairy milk



The Future is Bright for Dairy



What's happening at DFA Dairy Brands?

Legacy DFA Brands



Legacy Dean Brands



Building a portfolio of strong regional brands.



Leveraging the power of cherished local brands

Regional brand activation Q4 2020



Why local matters

Among those shoppers buying more local brands, 42% specifically wanted to support more local businesses and brands now, and 69% may consider buying more local brands post-pandemic.

“Local from Family Farms” is a top white milk claim.

48% of consumers say it is important to buy local dairy products.

Produced with care by our family farm-owners



Leveraging brand network to drive dairy sales

Halloween 2020



Reaching new consumer targets with dairy

Tween and Teen Target- Flavored Milk



wisconsinmilk • Following
 Post partnership with milkdips, Pick 'n Save Grocery Store

wisconsinmilk Remember those cartons of chocolate milk from elementary school? Those were one of my favorite parts of lunch! As I got older, I replaced them with soda as a teen and then later coffee as a young adult. I felt I had outgrown the little cartons even though I never stopped loving flavored milk.

Now that I have a teen of my own, I'm not loving the idea of him replacing milk with coffee drinks or other options. That's why I'm so excited that Kemps has come out with milkdips. It's this wholesome, lowfat milk comes in three delicious flavors: chocolate, caramel and mocha, and it's available at Pick 'n Save! My Market/Store!

Used by milkdips, and 332 others

Millennial Target- Holiday Beverages



Male Target- Cottage Cheese





Thank you!