



DAIRY 2.0

**The Journey from
Sustainable to
Relevant**

November 27, 2018

Ketchum



GOOD NEWS, GREAT FOUNDATIONS

US Farmers are THE Stewards of the Land

“US farms are greenhouse negative,
unlike other farming regions of the
world.”

Eric Frywald, CEO Syngenta, @WSJ Food Forum, 2018



GOOD NEWS, GREAT FOUNDATIONS

CA Leads Sustainable Ag Practices

- Leads nation in capturing dairy manure methane emissions via digesters: 40% reduction
- Drip irrigation efforts: 47% water savings on participating farms
- Solar energy on 100 farms: 20% reduced energy use



GOOD NEWS, GREAT FOUNDATIONS

Our "Brand" is Strong



Each branded product adds
value to our collective image
as CA Dairy and dairy
producers





**TODAY'S
BRAND
STEWARDS:**
Consumers
Who Care

THEY'VE CHANGED THE MARKETPLACE

- Buying less processed; more **fresh**
- Demanding **fewer** ingredients, inputs, steps
- Expecting brands to **do more** and to make **positive contributions to community**





GOOD LIFE

THEIR VERSION OF THE GOOD LIFE...

71%

...say living The Good Life *is different for them than it was for their parents*



SIMPLICITY, BALANCE & CONNECTIVITY

- To family
- To community
- To environment

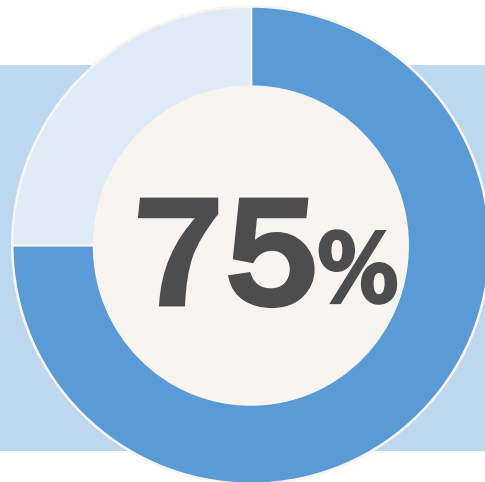
**IT'S CHANGING
HOW WE DO
BUSINESS**

**...and
changing the
brands we buy**

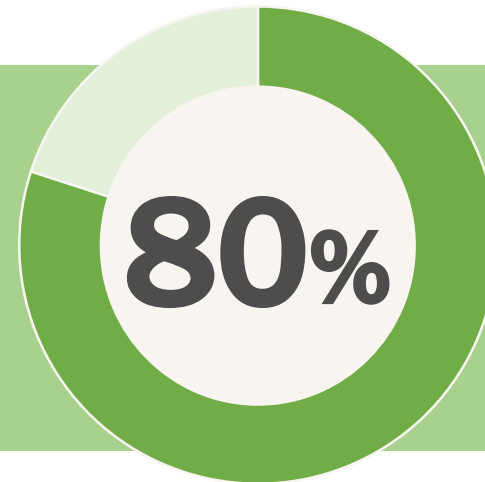


CONSUMERS WANT BRANDS TO LEAD & LISTEN

"I Can Change the World"



If I demand more, businesses and brands will change



"I'm Loyal to Those Who Listen"

Are loyal to brands that help them achieve the good life

THE BUSINESS CASE IS CLEAR

80%

personally
engage in...

- ✓ *Judging how you 'fit'*
- ✓ *Advocating for your brand or product*
- ✓ *Learning more about you and what you make*

A woman with long brown hair, wearing a tan leather jacket and a patterned scarf, is smiling and holding a large head of green lettuce. She is standing in a market aisle filled with various fresh vegetables like tomatoes, cucumbers, and eggplants. The background is slightly blurred, showing other people and market stalls.

THEY'RE NOT BACKING DOWN

73%

say food processing is
top conversation

72%

changed purchase habits

Processed Food is the
#1 Topic
YOY

USFRA Perception Study

A woman with long dark hair, wearing a tan leather jacket and a patterned scarf, is smiling and holding a large head of green lettuce. She is standing in a market stall filled with various fresh vegetables like tomatoes, cucumbers, and eggplants. The background is slightly blurred, showing other people and market stalls.

THEY LINK TRUST TO SUSTAINABILITY

110%

more likely to trust

Gen Pop **63%**
more likely to trust

TODAY'S
CONSUMER
DECIDES WHAT
IS OR ISN'T
SUSTAINABLE.

**IT'S
PERSONAL.**



CHOOSING BRANDS HAS BECOME A CONTINUOUS QUEST

...An endless hunt for products and brands that best fit my values and personal variables



TOP 3 DRIVERS

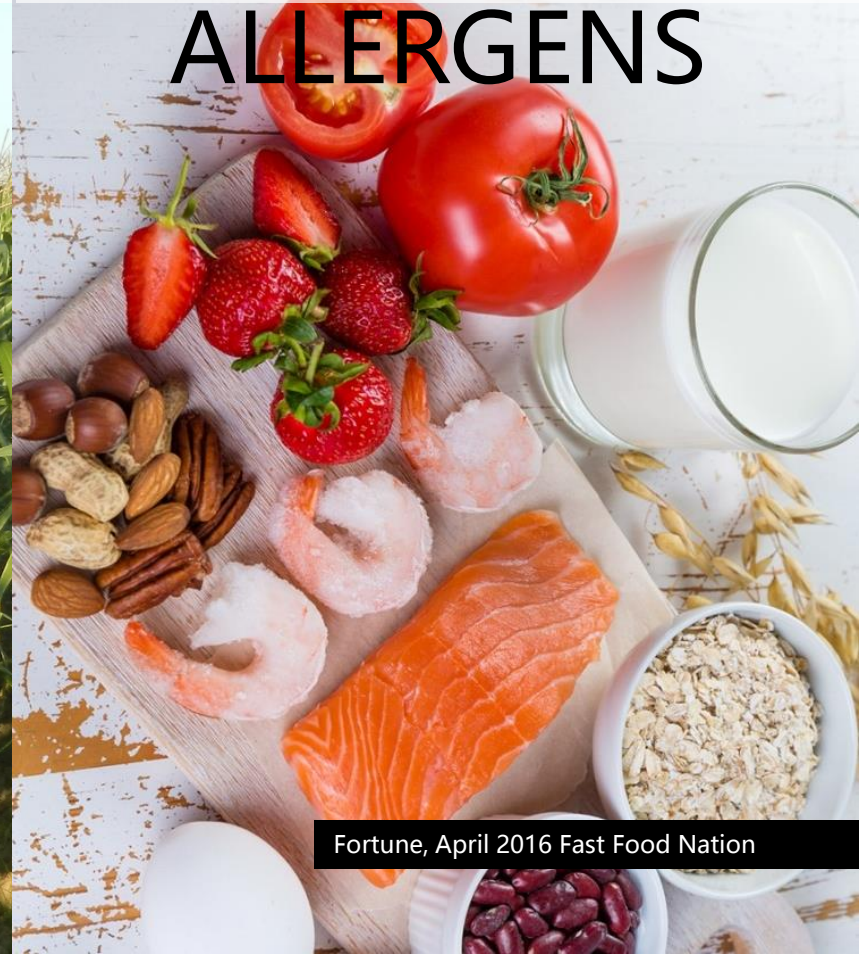
CAGE FREE



NO GMOs



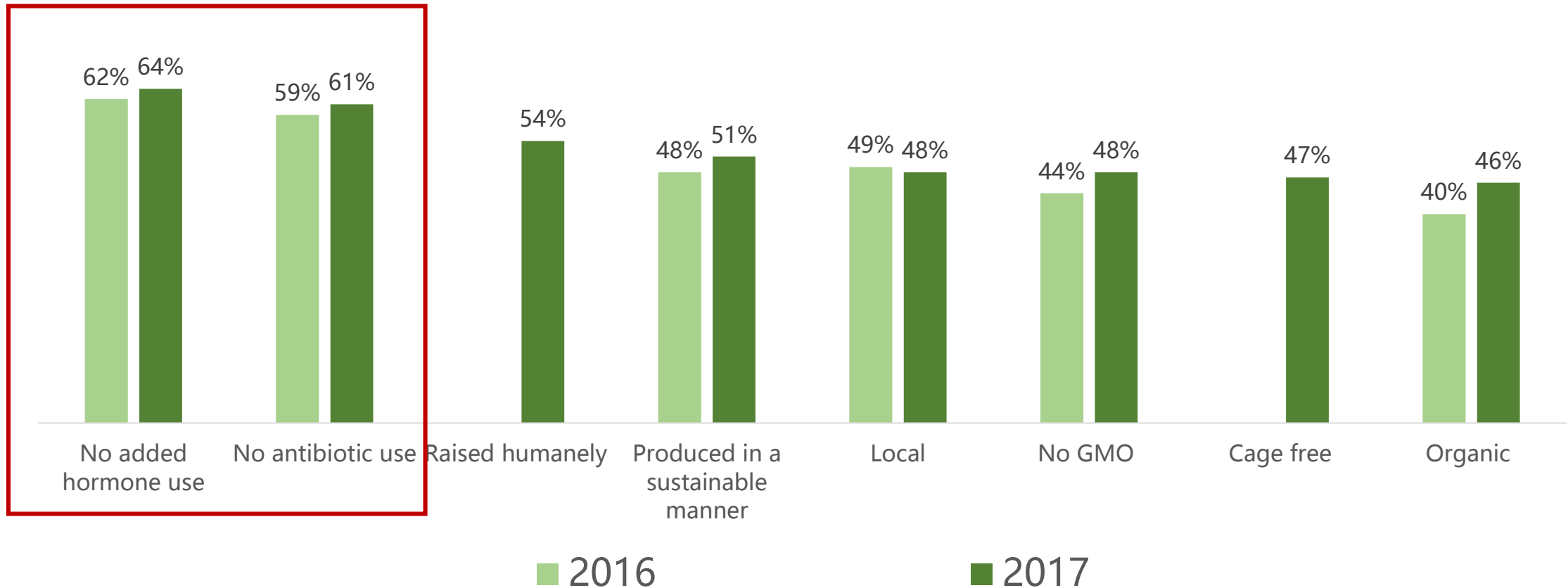
NO ALLERGENS



Fortune, April 2016 Fast Food Nation

NO ABX/HORMONES TRUMPS GM FREE & ORGANIC

They are searching product labels (and other sources) for very specific information...





HEALTH IS THE NEW WEALTH

**Healthy bodies
and family**
(Sugar,
processed
foods,
allergens)



**Healthy community,
world, environment**
(Less hunger, waste
and pollution)



Specific ag practices
(Pesticides, chemicals,
water use, sustainability,
animal welfare,
hormones)

THE WELLNESS CONSUMER VALUES

TRYING NEW
EXPERIENCES

CONTRIBUTING TO
THE
ENVIRONMENT
AND COMMUNITY

DOING
GOOD
FOR
OTHERS



BOTH ARE **EQUALLY** **IMPORTANT** TO DEFINING WELLNESS

72%

PHYSICAL

71%

EMOTIONAL



THE WELLNESS CONSUMER

77%

BELIEVE WELLNESS
BRANDS
**EXAGGERATE
BENEFITS**



THE HEART IS WILLING, BUT...

65% believe they
can influence brands and
companies to do better
through their purchases

But, only **28%**
found products to
purchase that represented
The Good Life



WHEN THEY DON'T FIND WHAT THEY WANT

- They assume you are hiding, withholding, tone-deaf
- One-size-fits-all claims, content, benefits and reinforce dissonance



**WE'RE ON A
NEW ROAD**





Time to Think & Do Differently

GET INSIDE THEIR HEAD

- What do they need?
- What do they want?
- Which values are drivers?
- Which brand behaviors map to those drivers?



What is Sustainable Food?

WHAT WE THINK

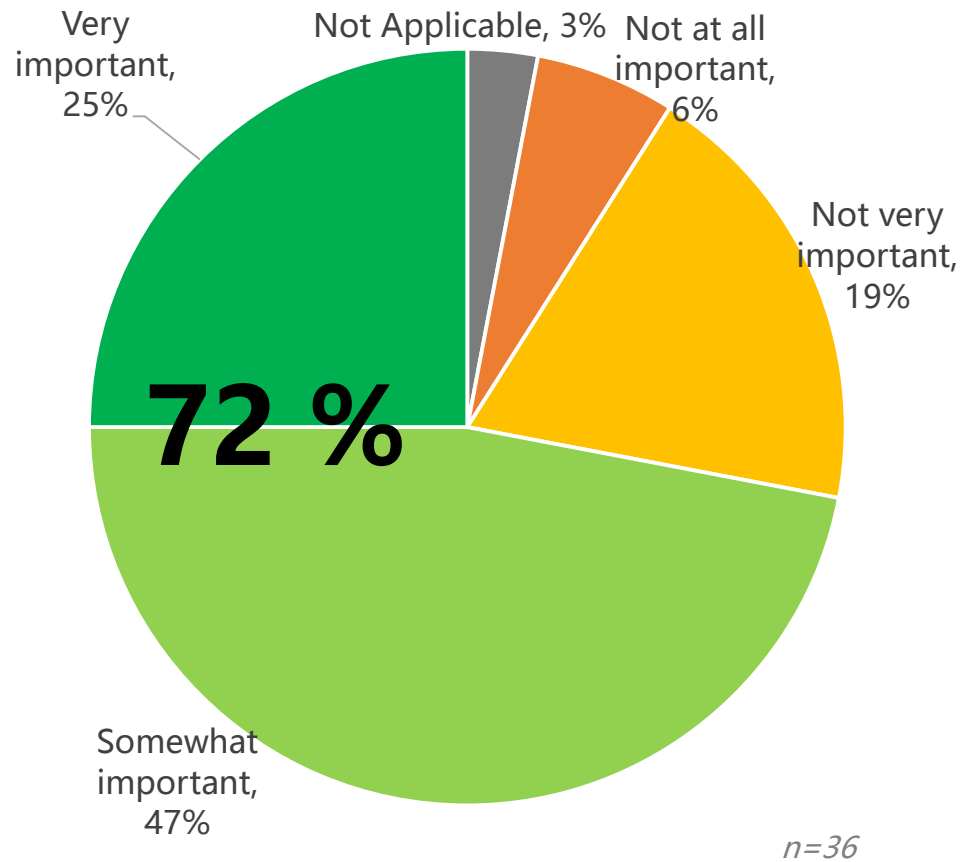
WHAT WE THINK THEY KNOW

WHAT THEY KNOW

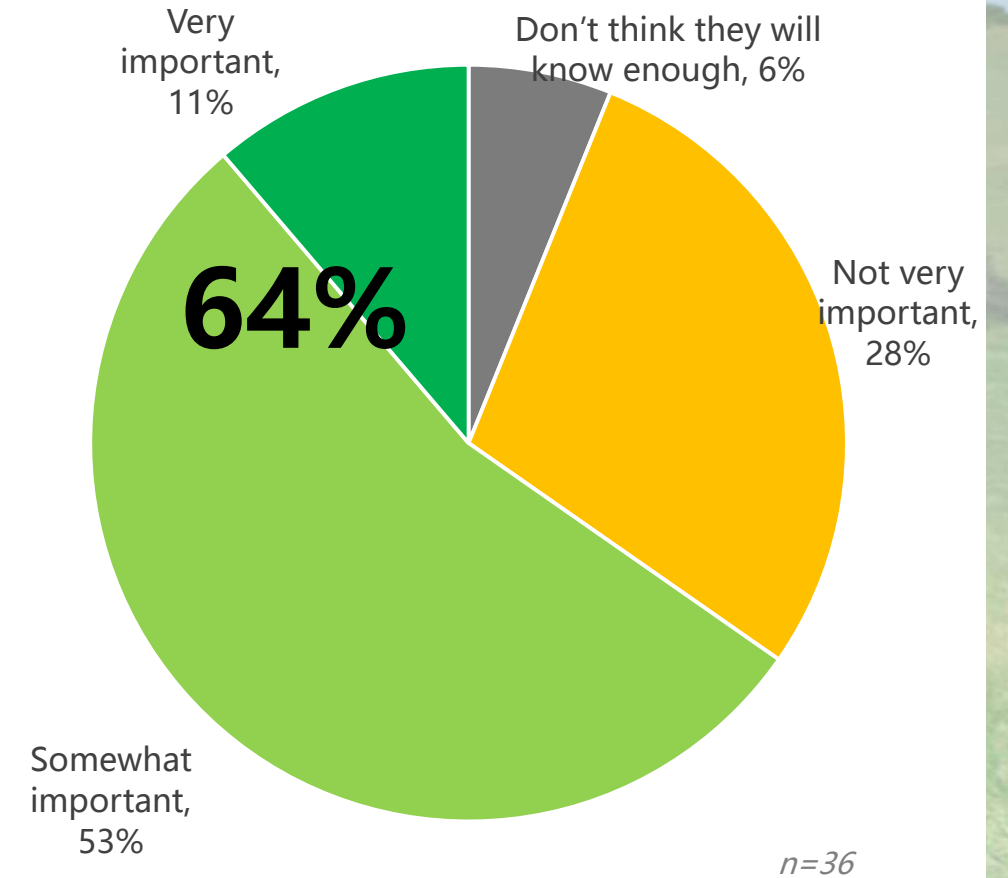
- THEM
 - Omnibus Poll
 - 1,000 Adults
 - 18+
- US
 - Attendees of CA Dairy Summit

HOW IMPORTANT IS SUSTAINABILITY?

YOU SAID

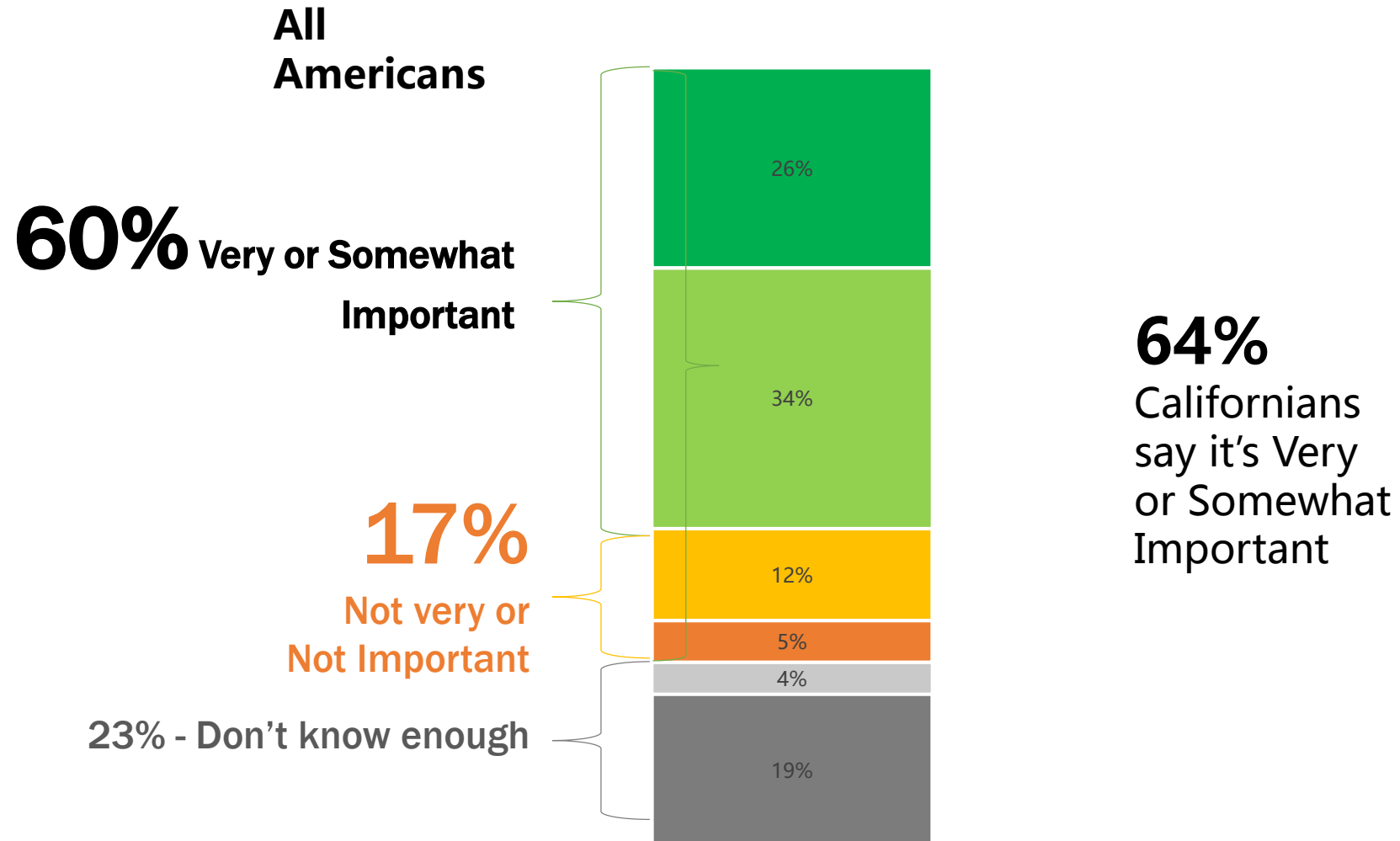


YOU THINK THEY WILL SAY



HOW IMPORTANT IS SUSTAINABILITY?

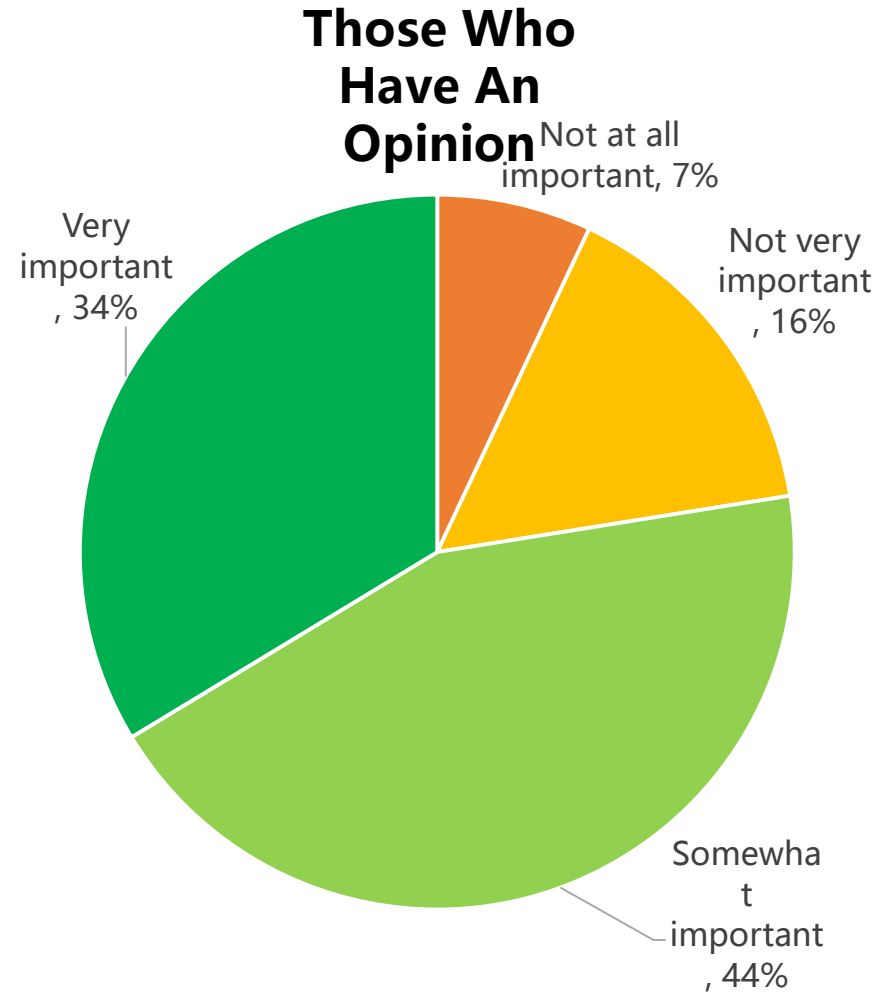
THEY SAID



HOW IMPORTANT IS SUSTAINABILITY?

THEY SAID

78%
of those
who care say
it is important



WHAT ARE SUSTAINABLE ATTRIBUTES?

YOU SAID

Safe to consume

Environmentally-
friendly packaging

Reduced food
waste

YOU THINK THEY WILL SAY

Organic practices

Healthy for the
environment

Reduced antibiotic
usage

THEY SAID

Reduced pesticides
& chemicals

Safe to consume

Healthy for me



WHAT IS SUSTAINABLE FOOD?

- 52% associate removing concerns with sustainable food

Chemicals, pesticides, herbicides

Hormones, steroids, ABX

Animal treatment

GMOs

MOST IMPORTANT ATTRIBUTES TO FOOD?

YOU SAID

44% Reduced water usage

33% Safe to consume

28% Healthy for me

YOU THINK THEY WILL SAY

37% Safe to consume

34% Healthy for me

34% Absence of GMOs

THEY SAID

33% Healthy for me

32% Safe to consume

29% Reduced pesticides

Reduced antibiotics (19%)
Absence of GMOs (18%)
Animal welfare (17%)

MOST IMPORTANT ATTRIBUTES TO DAIRY?

YOU SAID

50% Safe to consume

35% Healthy for me

31% Reduced water usage

YOU THINK THEY WILL SAY

51% Reduced antibiotics

49% Animal welfare

40% Healthy for me

THEY SAID

36% Animal welfare

34% Reduced antibiotics

31% Safe to consume



GOOD NEWS, GREAT FOUNDATIONS

Growing Our
Brand
with Sustainability

***Sustainability
Adds Value***

LEADING & LEANING INTO OUR LEGACY

Being Viewed as
a Sustainable Brand

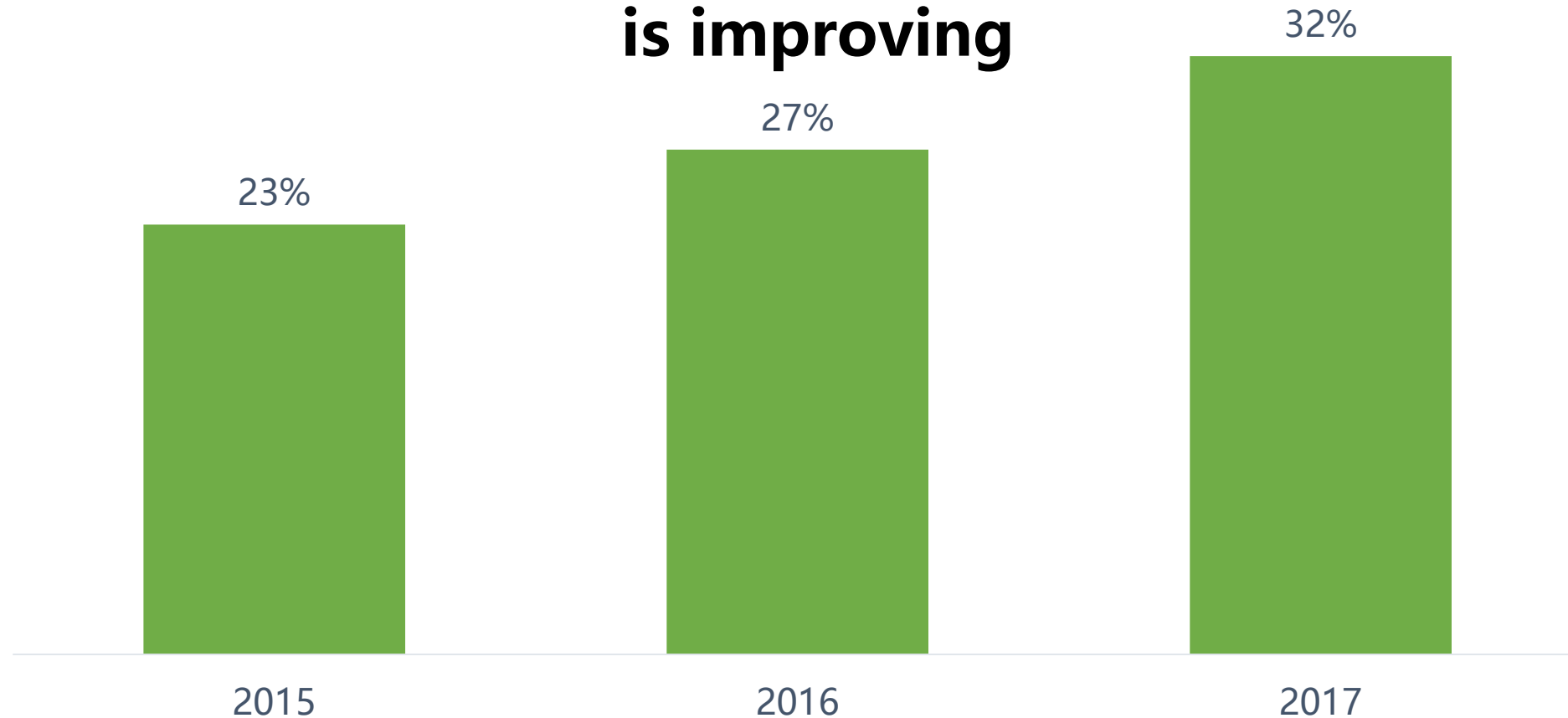
86%

of US Consumers
want companies to
ACT on SOCIAL
AND
ENVIRONMENTAL
ISSUES



AND, THEY TRUST US

Consumer faith in farmers and ranchers relative to sustainability, is improving



A person wearing a dark grey suit, white shirt, and blue striped tie is shown from the chest up. Their hands are positioned in front of them, with fingers interlaced to form a heart shape. The background is a light grey hexagonal pattern.

YOU HELP ME, I HELP YOU

80%

are loyal to
businesses and
brands that help
them live The
Good Life

BRAND LOYALTY



*A brand is a
promise.
A good brand
is a
promise
kept.*

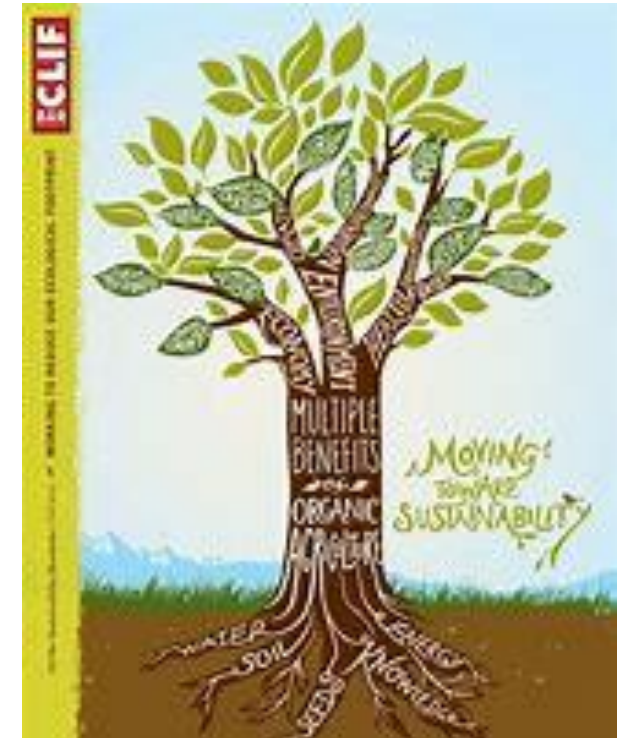
MUHTAR KENT

**GOOD NEWS,
GREAT FOUNDATIONS**

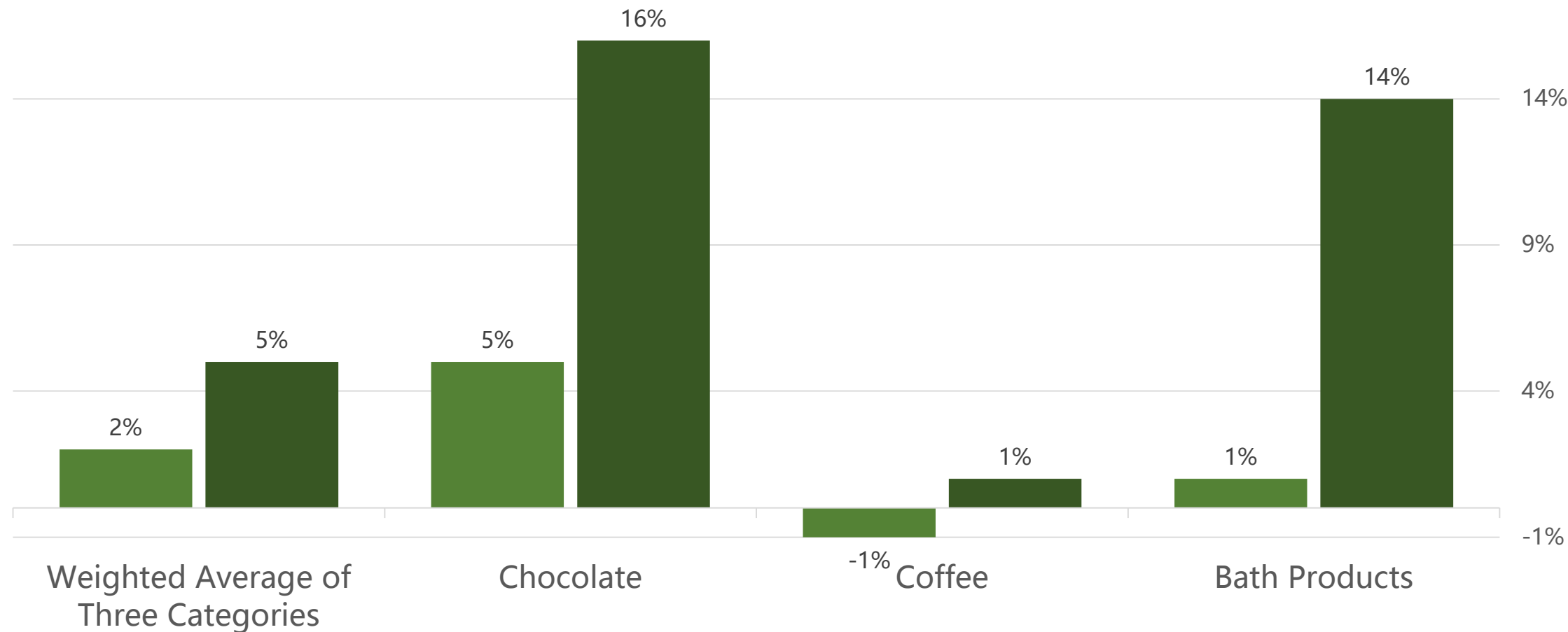
Brand Strength
Mirrors Brand
Behaviors

LEADING & LEANING INTO OUR LEGACY

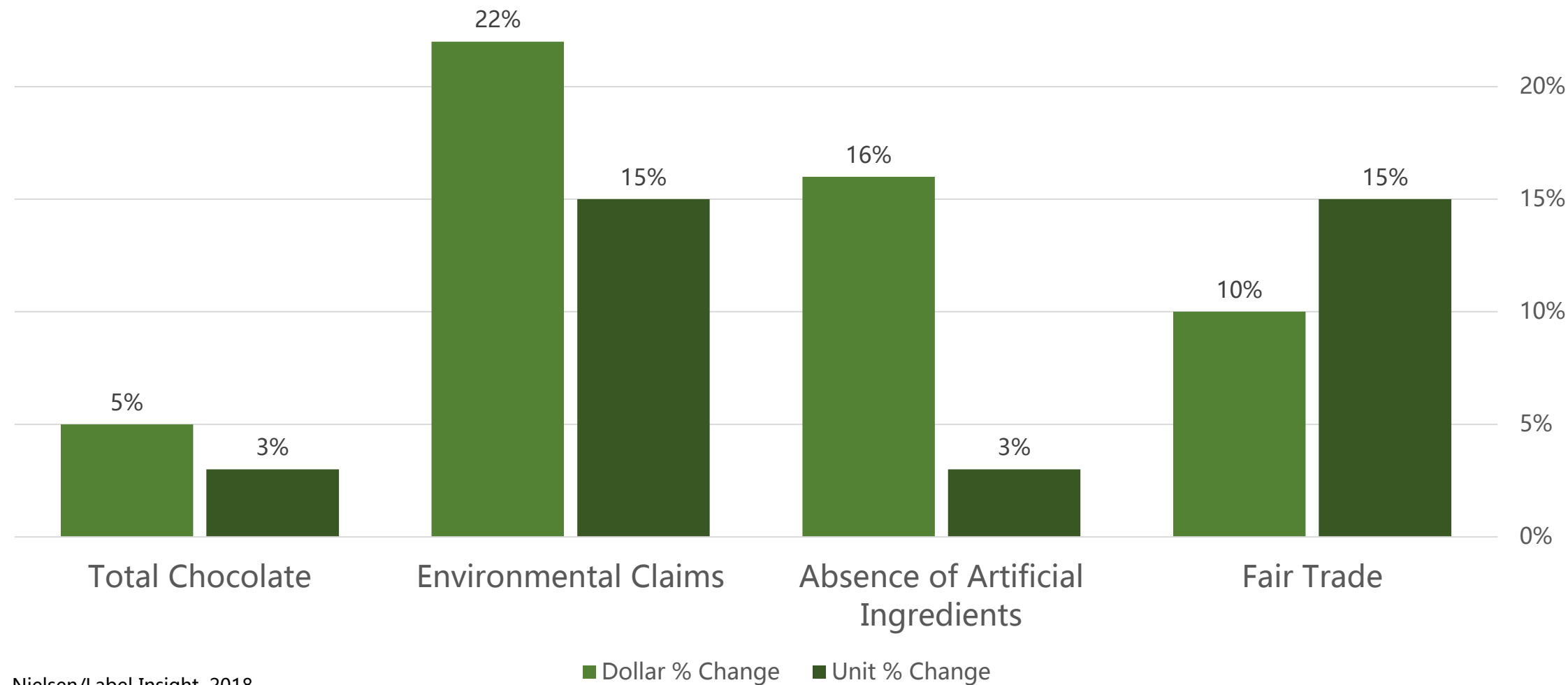
Creating Shared Values



SUSTAINABILITY SELLS




SUSTAINABILITY SELLS



TRANSPARENCY ≠ MORE INFORMATION

- 
- Access
 - Cues
 - Invitations
 - Signals
 - Opportunities to Engage



OUR PACKAGE IS WHO WE ARE AND WHAT WE STAND FOR

Inside and Out...
What's our story?

SUSTAINABILITY IS A JOURNEY



just milk?

milk & more!

THANK YOU.

Ketchum