2017 CHALLENGE:
DEVELOP A DAIRY BEVERAGE THAT WILL BE THE DRINK OF CHOICE FOR 15-25 YEAR OLD CONSUMERS

15-25 year olds: Who are they?

The youngest Millennials and the oldest of Gen Z

Gen Z
Age 0-18

Millennial
Age 19-37

* The statements made and information provided in the current and subsequent slides are based on consumer insights and cannot be used to make product claims. Claims must be truthful and not misleading, supported by scientific data and aligned with regulations in the current marketing environment.

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August 2016

DISCLAIMER

THE USE OF BRANDS AND IMAGES OF BRANDED PRODUCTS IS INTENDED ONLY TO PROVIDE EXAMPLES OF CONCEPTS BEING DISCUSSED, AND DOES NOT IMPLY ENDORSEMENT OF ANY BRAND OR PRODUCT

15-25 YEAR OLDS: SHAPING FORCES

Digital Natives: "Wired" to their handhelds with instant access to information coloring their food attitudes, beliefs and choices **- And Socially Connected.**

Significantly more likely than other consumers to agree that:

- *what I buy says something about who I am*
- *I drink certain brands of beverage because my friends do*
- *I chose certain beverage brands because it improve my image with people my age (it makes me look cool)*

Ethnically Diverse: Most ethnically diverse generation yet with unprecedented exposure to global cuisines. Grounded in the familiar, but online and personal experience drives food culture trends toward active exploration of authentic, global food experiences and new flavors

- *36% AGREE they are usually among the first to try a new beverage*

On-Demand is their economy: Busy and convenience focused. Meals on-the-go, the snack is a necessity to get them fueled and keep energy levels high throughout the day

- *36% admit to sometimes drinking a beverage instead of eating a meal*

- But has a downside.

- *62% say life is getting busier and busier*
- *41% agree - Anything that saves me time is worth paying extra for*

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Source: Kantar Worldpanel

15-25 YEAR OLDS: HEALTH PERCEPTIONS

UNPRECEDENTED EXPOSURE TO AND KNOWLEDGE ABOUT HEALTHY DIETS

64% SAY THEY PREFER TO DRINK BEVERAGES THAT ARE GOOD FOR THEM

- 48% agree that they prefer beverages that are "all natural"
- And significantly more likely than the average consumer to agree that they prefer beverages:
  - with healthy additives, such as like vitamins, minerals and herbs
  - with natural energy additives

Source: Kantar Worldpanel

Although well schooled in healthy eating, 15-25 year olds don't always "walk the talk", often seeking convenience and indulgent treats – tending to think they have plenty of time to eat right in the future.

Examples of Perceived Healthy Choices	Examples of Perceived Unhealthy Choices
"Homemade, rich in nutrients and/or organic and local. … I feel good and full after I eat them; I don't feel guilty or sick after them, and they contain good portion sizes of the food groups my body needs. Normally, I try to stick to organic, natural and local items." *-Female, Age 25*	"Store-bought, processed, frozen and/or fast food meals … these foods are lacking important nutrients, high in trans and saturated fats. Normally, I will eat these things when I'm in a pinch but will find myself hungry shortly after or with a stomachache!" *– Female, Age 25*
"I snack healthy. Popcorn. I eat a lot of Luna bars; chocolate nut brownie is my fav. Pretzels are my weakness as they have gluten and I should be gluten-free." –Female, Age 25	"Instant noodles (ramen). They are deep-fried before being packaged. I rinse, then boil twice – once to get rid of excess oil, then again to cook. The flavor packet has a lot of sodium. " *–Male, Age 17*
"Honey and tea. That's my nighttime drink. It's organic and the honey is local…. Grocery store honey is mostly corn syrup." *– Female, Age 25*	"I keep Red Bull stocked in my fridge in the dorm. I drink three Red Bulls a week, but I consider it unhealthy because it contains a lot of caffeine and sugar. Energy drinks in general have an unhealthy stigma that I don't doubt!" *– Male, Age 20*

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Source: The Hartman Group

Note: This information provides consumer insights and cannot be used to make product claims. See disclaimer on first slide.

15-25 YEAR OLDS: WHY DO THEY DRINK?

THE TOP 10 REASONS FOR DRINKING MIRRORS THOSE FOR ALL CONSUMERS

10 Most Frequently Cited by 15-25 yr. olds for drinking a beverage:

Reason, frequency cited (as share of beverage occasions)

- To Quench Thirst, 39%
- To Go With My Food, 22%
- To Replenish Fluids, 21%
- Like The Taste, 21%
- Goes Well With Food/Snack, 10%
- To Wake Me Up, 9%
- To Make a Healthier Choice, 8%
- Is Fun To Drink, 8%
- As A Treat, 7%
- To Cool Off, 7%
- Purifying/Clean, 7%

HOW ARE 15-25 YEAR OLDS DIFFERENT?

15-25 year olds are more likely than average to drink a beverage:

- ✓ Because It's Fun To Drink, 8%
- ✓ To Cool Off, 7%
- ✓ It Provides Lasting Energy, 3%
- ✓ Before/During/After Exercise, 2%
- ✓ To Be Sociable, 2%

Reason, frequency cited (as share of beverage occasions)

Source: Kantar Worldpanel

15-25 YEAR OLDS: WHAT ARE THEY DRINKING?

THEY STAND OUT FOR ABOVE AVERAGE CONSUMPTION OF NICHE BEVERAGES

Their top consumed beverages are similar to everyone else, but they:

- Are more likely to drink bottled water and milk
- Less likely to drink tea or coffee

Top Beverages by Share of Weekly Drinking Occasions		
	Total Ages	*14-24*
Bottled Water	13%	16%
Carbonated Soft Drinks	11%	11%
Milk (Dairy)	8%	9%
Total Tea	8%	6%
Total Coffee	12%	6%

Source: Kantar Worldpanel

SIGNIFICANTLY MORE LIKELY THAN AVERAGE CONSUMER* TO CHOOSE:

note: images are meant as product category examples only

* refers to average consumption behavior across all consumers over the age of 1 year.

	Enhanced* Bottled Water	Sport Drinks	Smoothies	Non Dairy Alternatives	Drinks with Added Protein	Fruit & Veg Blends	Ready to Drink Iced Coffee	Flavored Milk
Share of weekly Occasions	2.8%	1.7%	1.3%	0.9%	0.7%	0.4%	0.2%	1.3%
How much more likely?	57%	70%	41%	56%	37%	23%	46%	42%

* e.g. Flavored, added nutrients

Source: Innova NPD

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- Consumer perception of "energy", "healthy", "natural", etc., may differ from the scientific and regulatory views.

- The regulatory definition of "energy" is calories (food energy).
- The regulatory definition of "healthy" is defined.
- "Natural"/"All Natural"/"Made With Natural Ingredients" is not defined, but is being reviewed by FDA. A cautious approach is recommended.

- Products in the marketplace convey energy benefits in a variety of ways including by product name, ingredients or images.

Therefore

✓ Substantiation of product benefits must include supporting all express and implied claims

✓ The substantiation must be truthful and not misleading and include a review of the totality of the scientific evidence and reflect the strength of the science at the time the claim is made

✓ Substantiation may include proprietary (non-public) research results

✓ For further considerations, please see this link

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