



New England  
**Dairy**

# **Task Force to Revitalize VT Dairy**

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# New England Dairy

# About New England Dairy



New England  
**Dairy**

- 5 states
- 13.2 million consumers
- 4,600 schools
- 1.9 million students

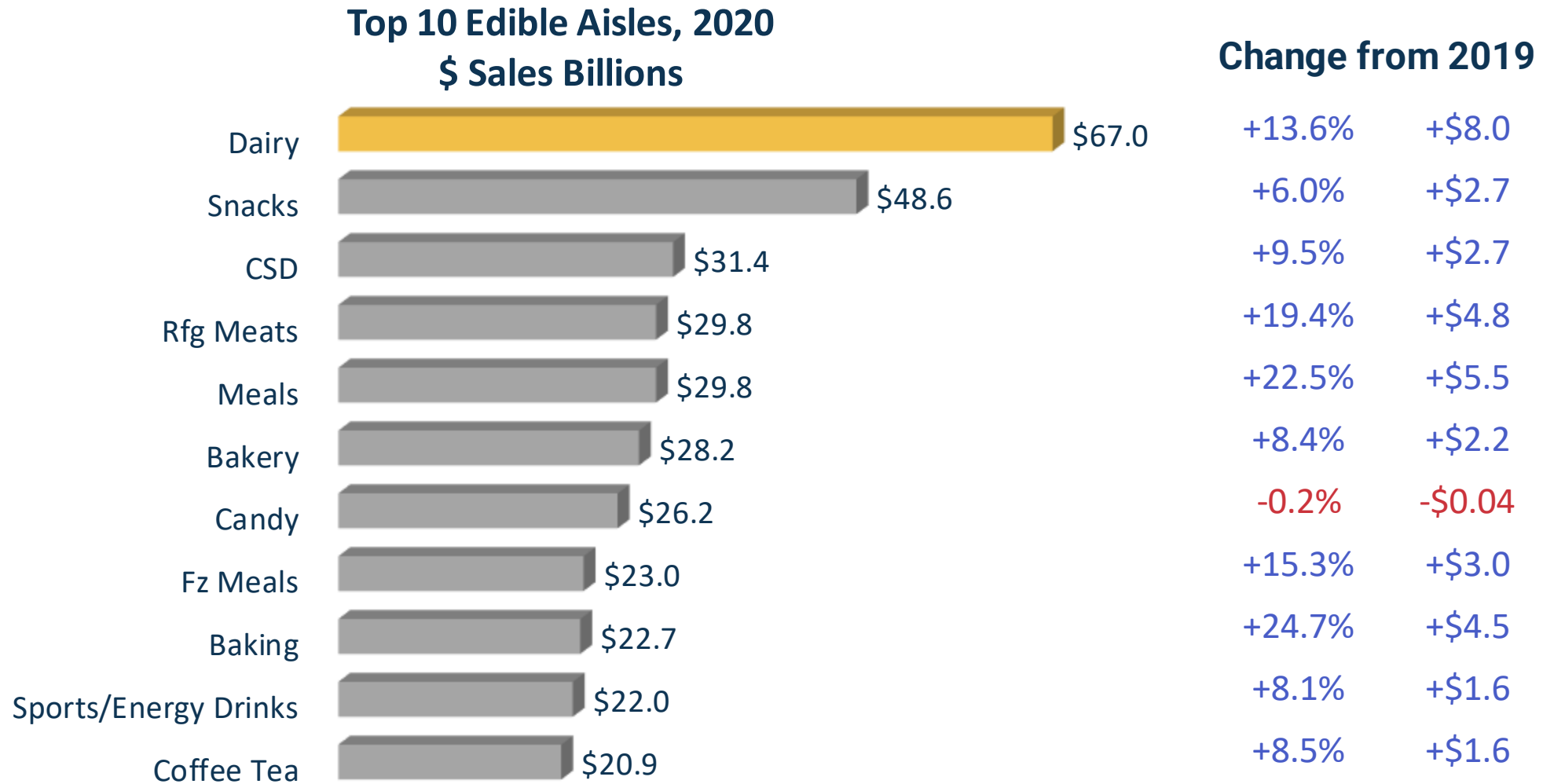
- **19 Staff Members**
- **200+ years of experience & expertise**

# Our Vision and Mission

- Vision:
  - To be a catalyst for a vibrant New England dairy community.
- Our Mission
  - We champion New England dairy farm families and the nutritious foods they produce.

# Dairy Demand & Consumption

# At Retail, Dairy is the Largest Edible Aisle at \$67 Billion



# Nearly All Households Purchase Dairy; Cheese Is the Largest Dairy Product at Retail

2020 Retail Size and HH Information, Change Compared to 2019



**CHEESE**

\$25.1B, +18.2%

97% HH buy, flat



**MILK**

\$15.1B, +7.8%

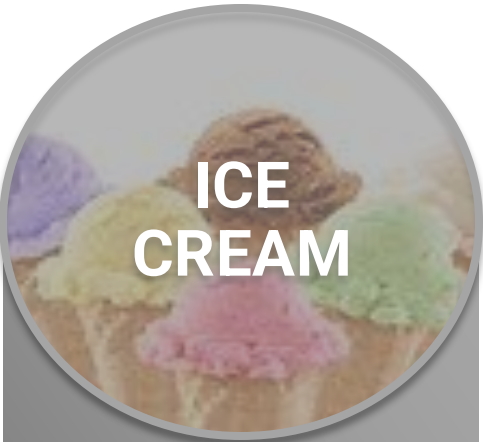
94% HH buy, -0.3pts



**YOGURT**

\$7.6B, +3.5%

83% HH buy, -0.2 pts



**ICE  
CREAM**

\$8.0B, +16.8%

87% HH buy, +0.9 pts



**BUTTER**

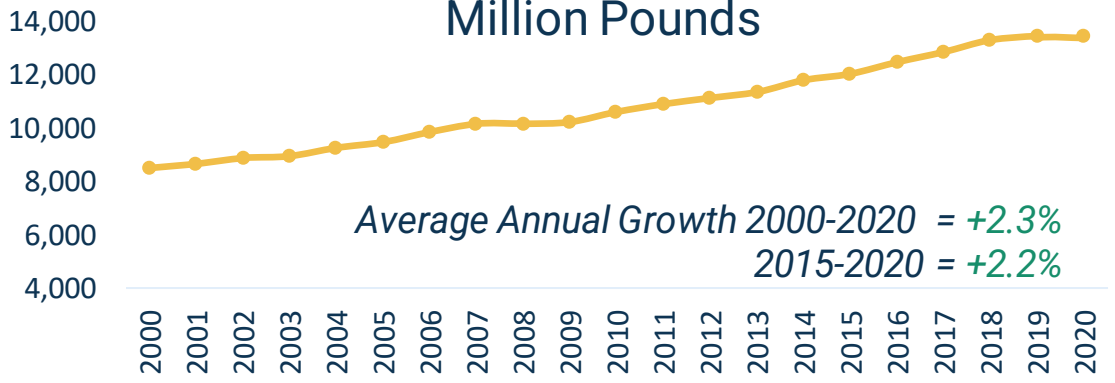
\$3.9B, +19.1%

78% HH buy, +3.5 pts

# Cheese and Butter Continue to Show Long-term Growth

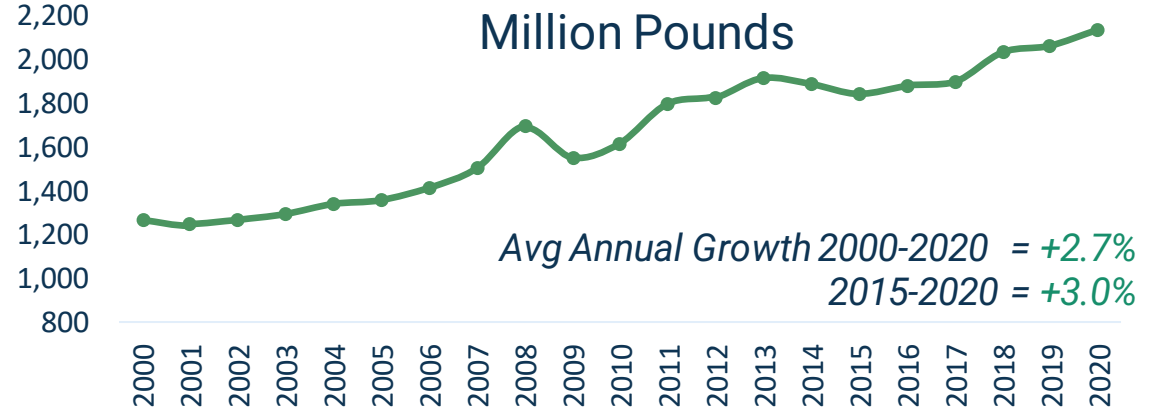
## Total Cheese Sales

Million Pounds



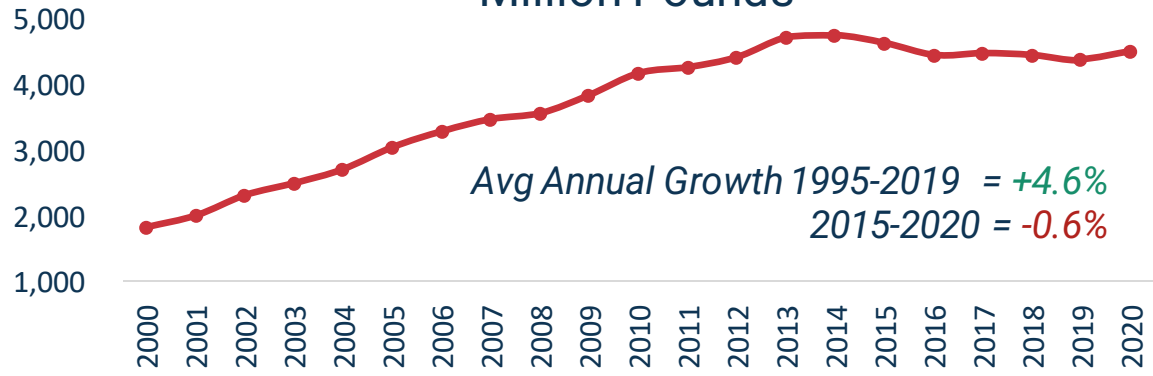
## Total Butter Sales

Million Pounds



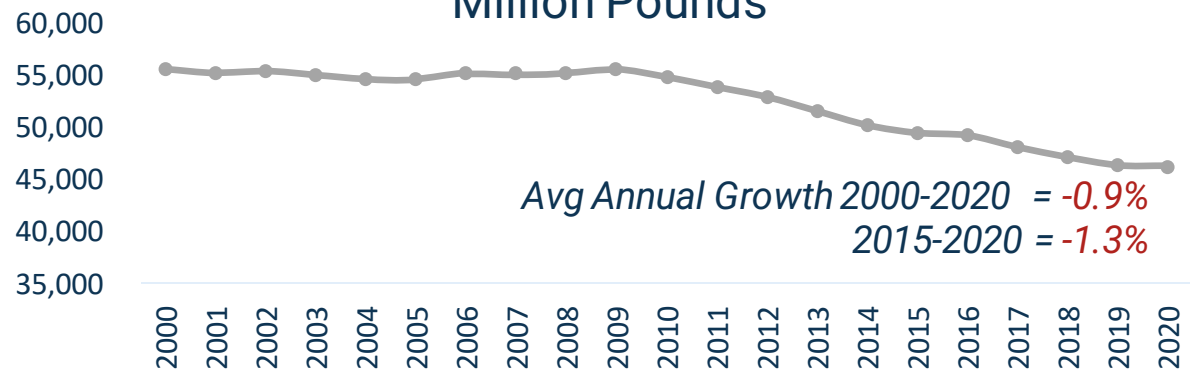
## Yogurt Production

Million Pounds



## Total Fluid Milk Sales

Million Pounds



Source: USDA ERS (Cheese and Butter); USDA AMS (Milk); USDA NASS (Yogurt)



# New England as a Market

- 13 MM consumers in New England
- New England doesn't produce enough milk per capita
- Large urban centers and suburbs drive consumption



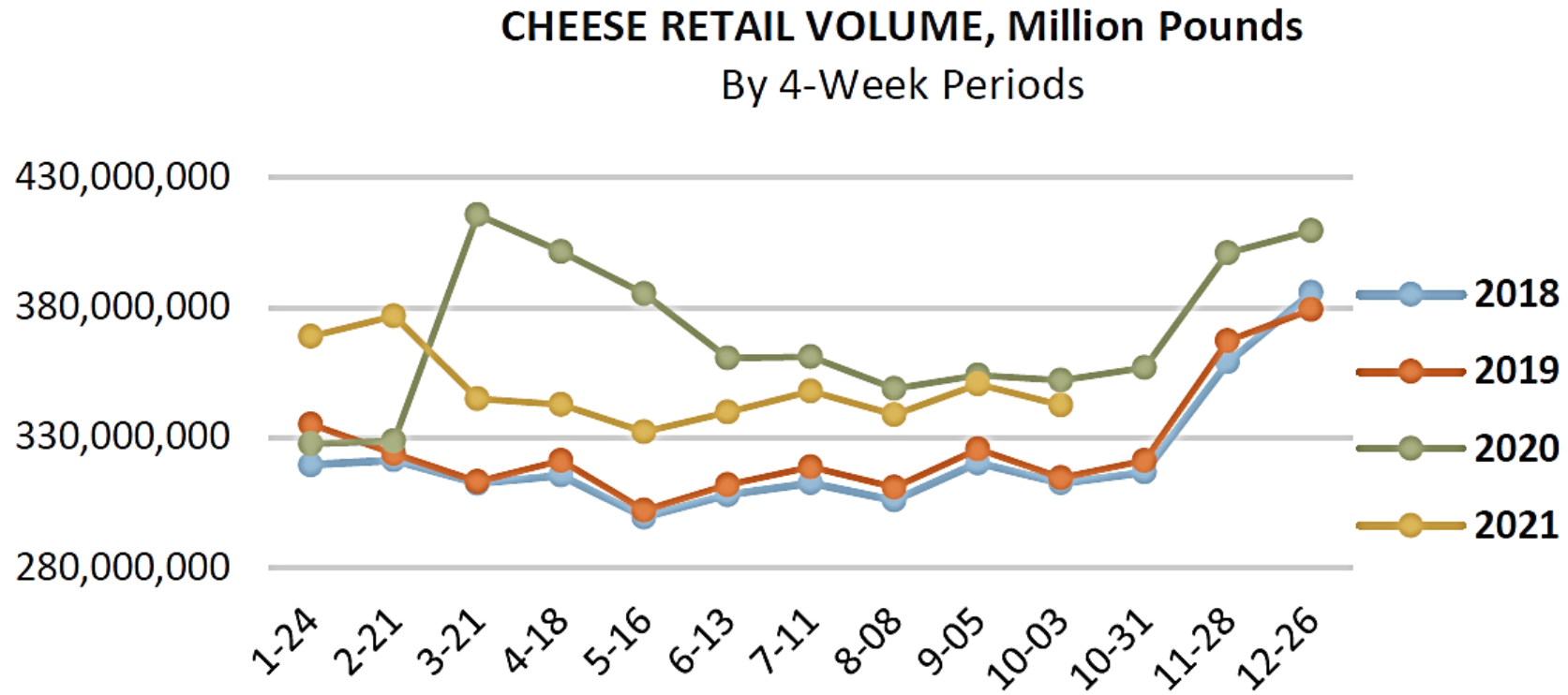
# Dairy Sales in New England\*

Milk (volume)	Cheese (volume)	Yogurt (volume)
Total: -8.3%	Total: -5.1%	Total: -1%
Flavored: +2.2%	Cheddar: -7.1%	Strawberry: +2.8



\*Includes VT, MA, CT, NH, RI; YTD: 10/3/21

# Retail Cheese Sales Outpacing 2018-19 by Double-Digit Margin



# Cheese Opportunities

- Ingredients people want
- Provenance
- Elevating flavor of a meal
- Snack positioning
  - Nourishment
  - Pleasure
  - Optimization
  - Distraction
- Sustainable packaging



**Babybel: Plus+  
(Probiotic)**



# Fluid Milk Revitalization

# Fluid Milk Revitalization Success: Stimulating Industry Investment In Innovation, Infrastructure, Advertising

Cumulative New Product Sales  
**+2.4B Pounds**

Incremental Sales from Science  
**1.8B Pounds**

Infrastructure Investment  
**+\$1B**

Incremental Consumer Spending  
**+\$250M**



"Full Fat"  
Whole Milk

"Recovery"  
Chocolate Milk

"Lactose Free"  
Digestive Health



# Within Five Years, Our Partners Are Igniting Innovation

## Partner Launches

Flavored

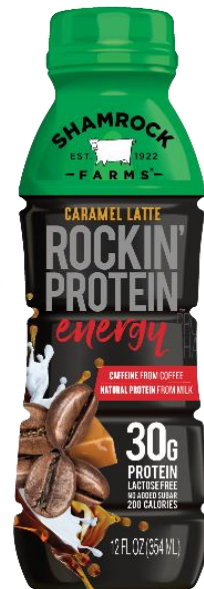
High Protein

Whole

Cold Brew w/Milk

Energy

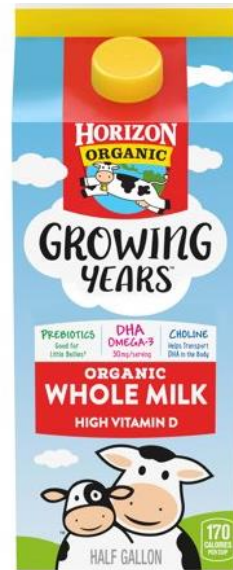
Lactose Free



# ...And Witnessing Catalytic Responses

## Catalytic Effect

Segments: High Protein    Flavored Whole    Cold Brew w/Milk    Energy





# Strong Growth Pockets of Milk Across Retail & FS ('16-'20)

## Key Challenge: Conventional Low-Fat Milk

### POSITIVES



**VALUE-ADDED** +5.3% annual growth, +80M gal



**FLAVORED** +0.5% annual growth, +4M gal



**WHOLE** +2.3% annual growth, +129M gal



**FOODSERVICE** +0.5% annual growth, +20M gal



**FS BEVERAGE INGREDIENT** 4.3% annual growth, +22M gal

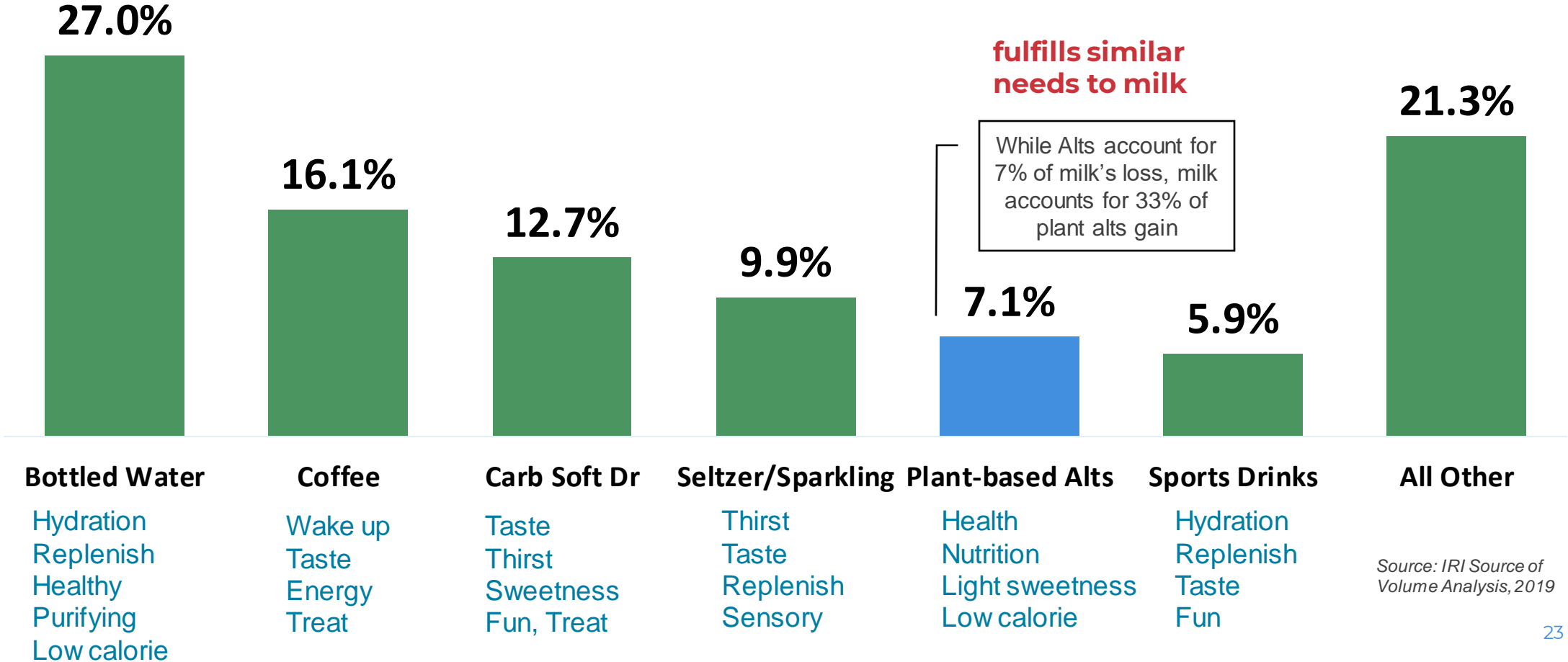
### KEY CHALLENGE

**CONVENTIONAL WHITE LOWER FAT**  
-5.4% annual growth, -423M gal

Source: Retail - IRI; Foodservice - Technomic  
Size in gallons is 2020; annual growth = CAGR 2016-20 except foodservice CAGR is 2016-19  
Segments aren't all mutually exclusive (e.g., there is overlap between whole milk, flavored and value-added)

# The Primary Drivers of Milk's Historical Volume Loss Are Water, Coffee And Carbonated Soft Drinks

% Total Milk Loss Due to Competitive Beverage Switching

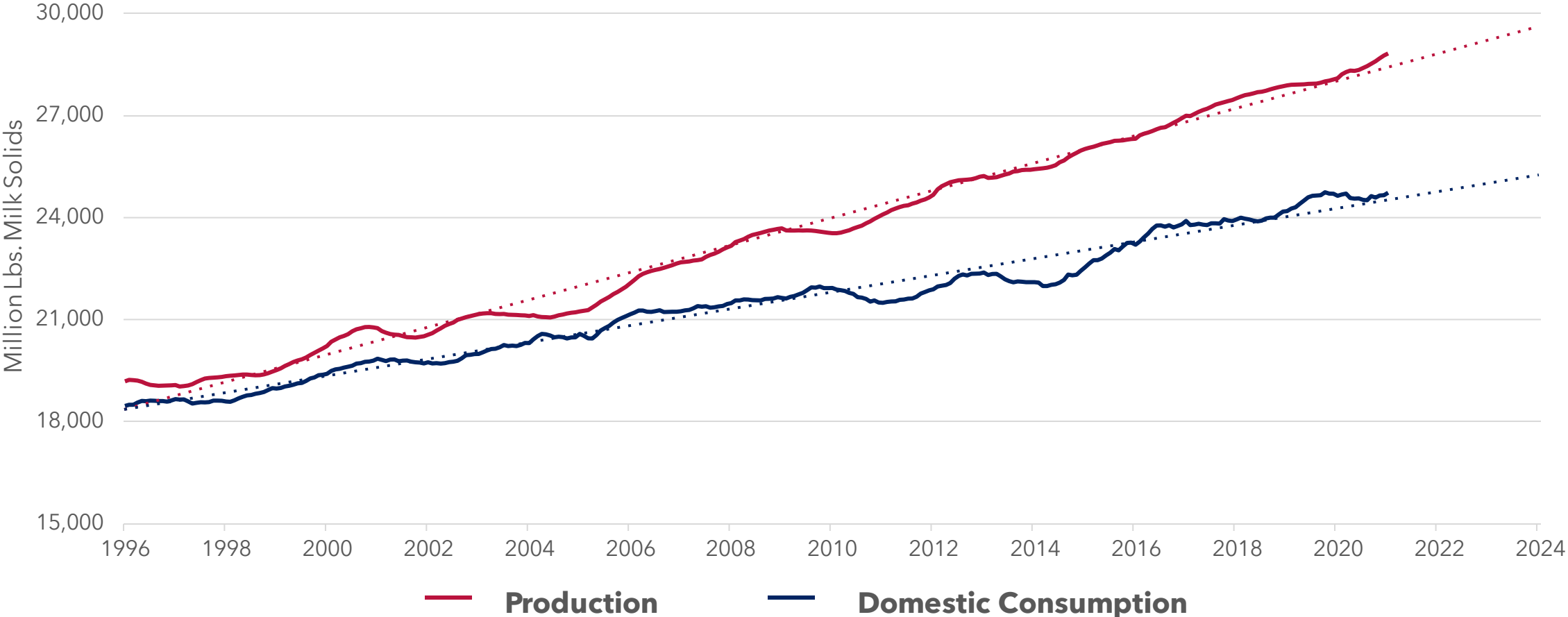


Source: IRI Source of Volume Analysis, 2019

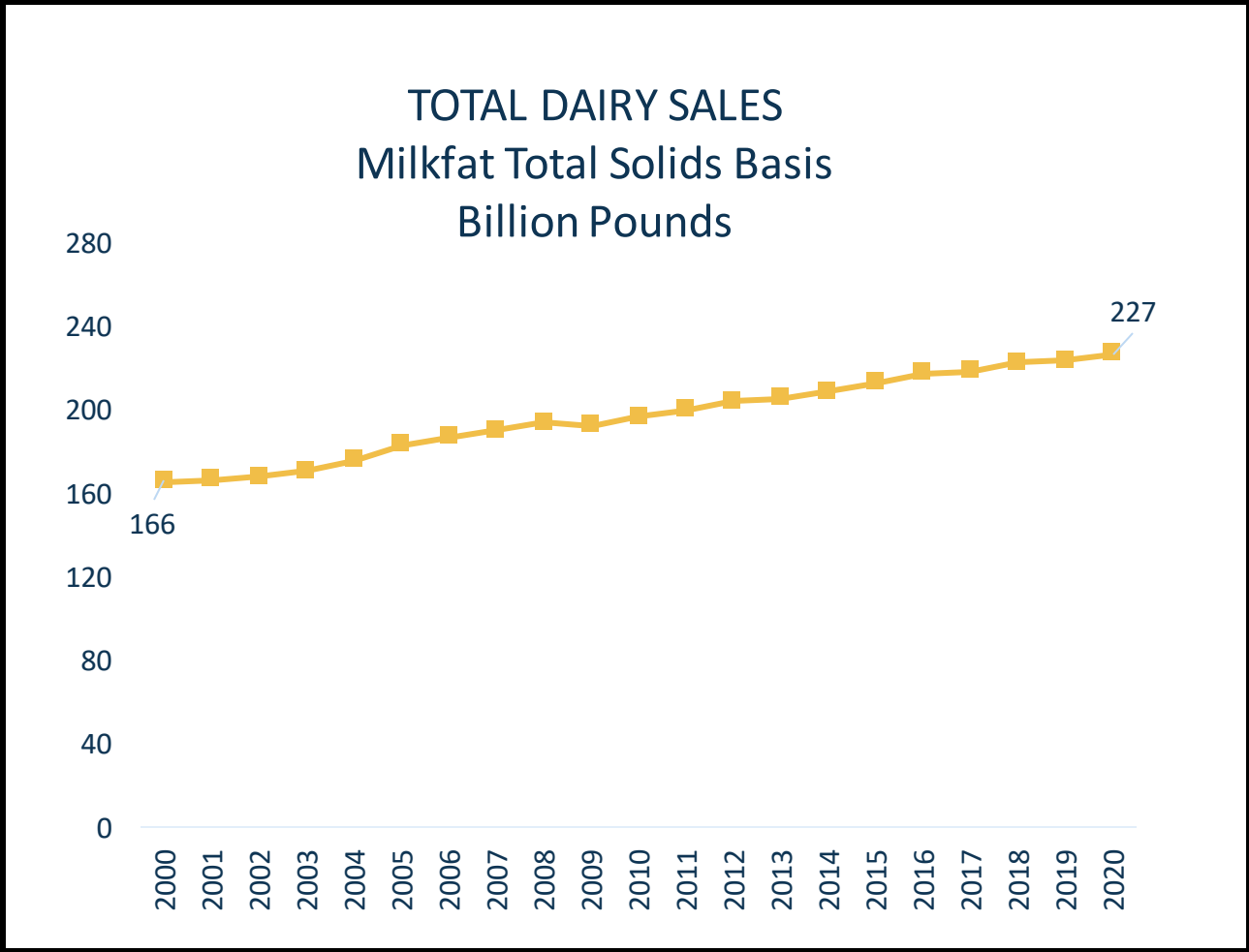
# Importance of Exports

# International Growth Critical to Address Gap Between Production & Domestic Consumption

## Growing Gap Between Production & Domestic Consumption (Rolling 12 Months)



# Long-term Growth in US Dairy Product Sales, Both Domestic and Export



## GROWTH 2000 to 2020

**Domestic Dairy Sales**  
**+20%**  
**+32 Bil Lbs**

**Export Dairy Sales**  
**+444%**  
**+29 Bil Lbs**

# Consumer Wants & Needs

Millennials and Gen Z

# Millennial Moms: Insights-Driven Action

- Products that are healthy and safe for me and my family
- Brands committed to caring for the environment and animals
- Foods that meet health and wellness and deliver comfort and connectedness
- A purchasing experience that educates, engages, and inspires
- Trusted information from trusted people



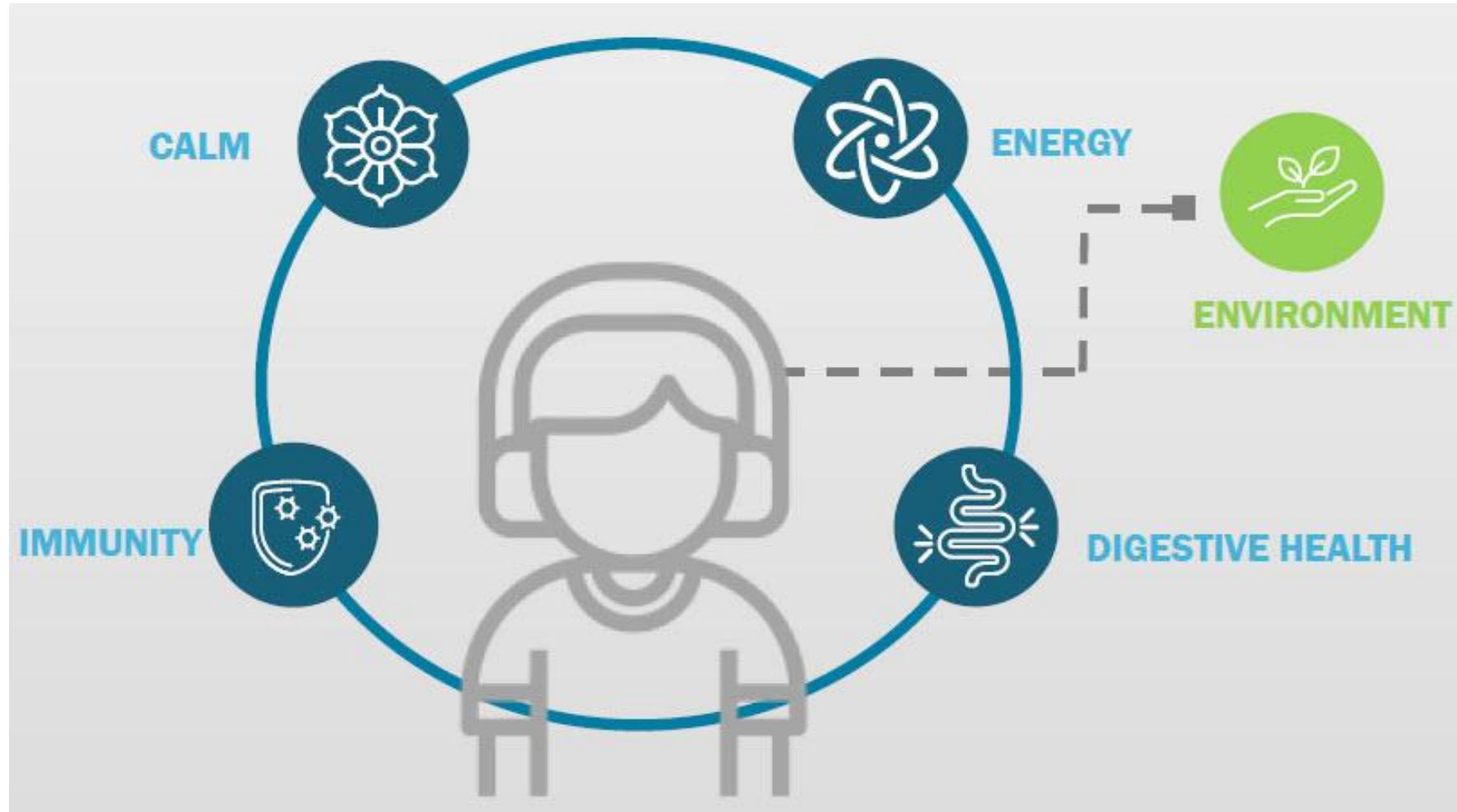
# Gen Z: Insights-Driven Action

- Want to believe in the products and brands they consume
- Less likely to believe that dairy is farm fresh
- Care about the environment and cow care
  - Uncertain if farming practices have a positive impact on the environment or whether they are good for the cows
- Concerned about added hormones in milk





# Consumer-Driven Benefits



# Key Takeaways for Task Force

# Considerations for the Task Force

- Understand & meet consumer wants and needs
- Prioritize & utilize growing channels for sales
- Seek opportunities to support innovation