

CCOA

Meeting Customer and Consumer Expectations

Live in the
GOLDEN STATE™
WITH REAL CALIFORNIA DAIRY





COVID

Eating at Home

Changing Demos

Supply Chain Issues

War/Political Unrest

Inflation/Recession

Misinformation

MONTHLY INFLATION RATE DROPPING, BUT HIGHER PRICES STILL HAVE IMPACT ON PURCHASE BEHAVIOR



Retail Price



+29%
vs 2019



+21%
vs 2019



+16%
vs 2019

P&G

Consumers being “more careful”

amazon

Expect “cautious spending”

Bloomberg

“Recession Fears Resurface”



VALUE IS A COMPLEX EQUATION

Rational Inputs

- Quality / Price → Nutritional Efficacy, Functional Benefits
- Volume / Price → Potency / Price, Nutrient Density
- Climate Change Cause → Climate Change Solution

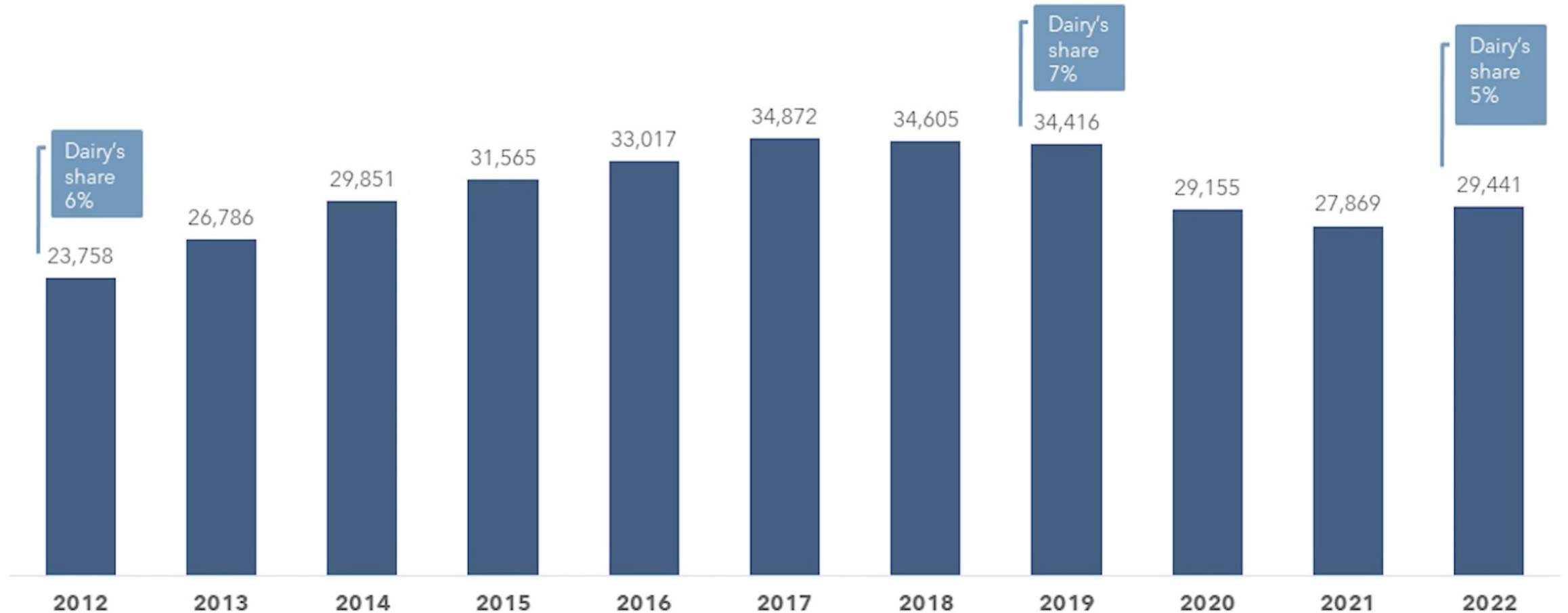
Emotional Inputs

- Provenance and Community
- Cultural Significance of Food
- Dairy is Fun / Family / Satisfying / Comforting



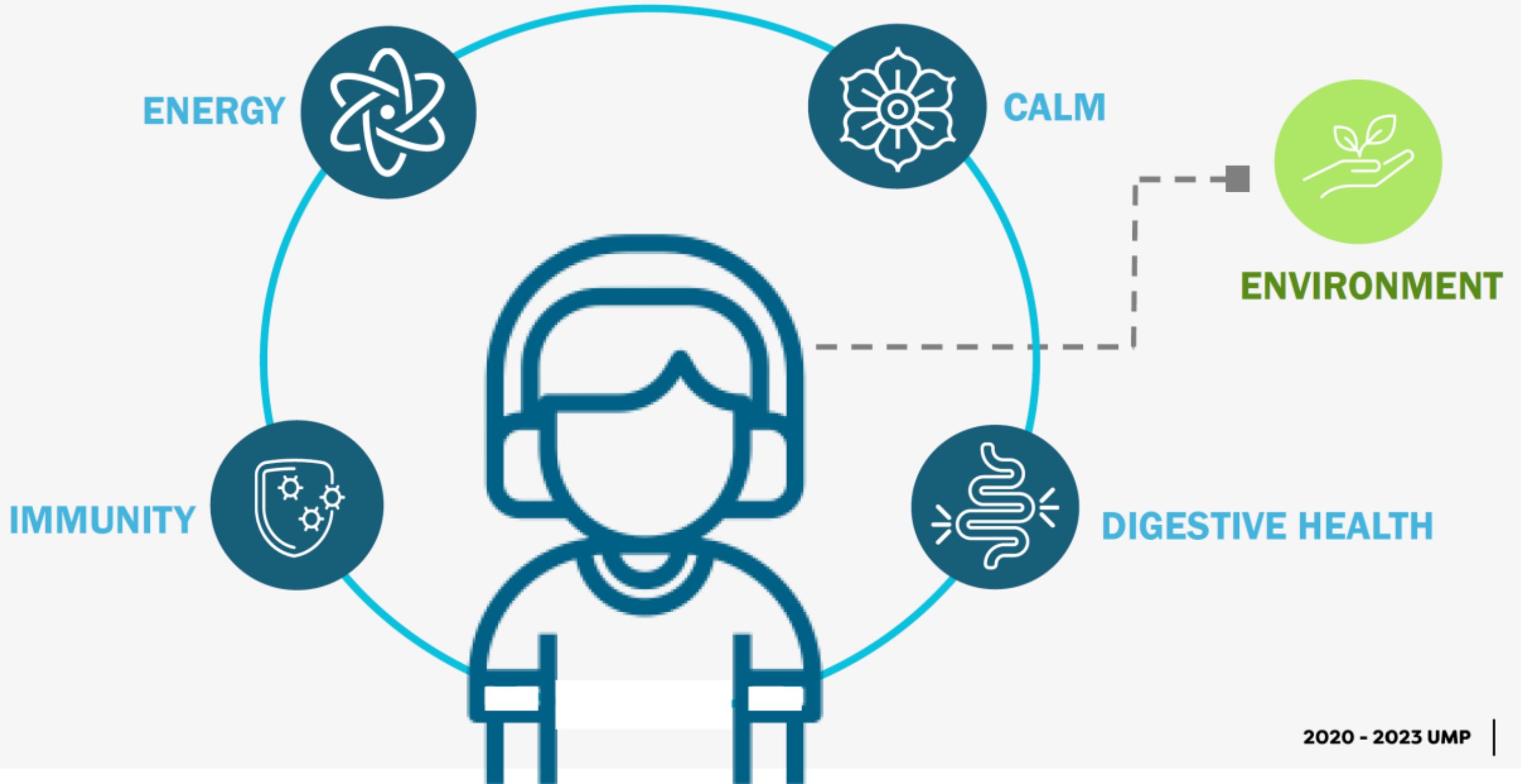
INNOVATION STALLED DURING COVID, IS SLOWLY COMING BACK, BUT DAIRY LAGS

TOTAL U.S. NEW FOOD & BEVERAGE PRODUCT LAUNCHES



Source: Innova New Products Database

HEALTH AND WELLNESS FUNCTIONAL BENEFIT PLATFORM





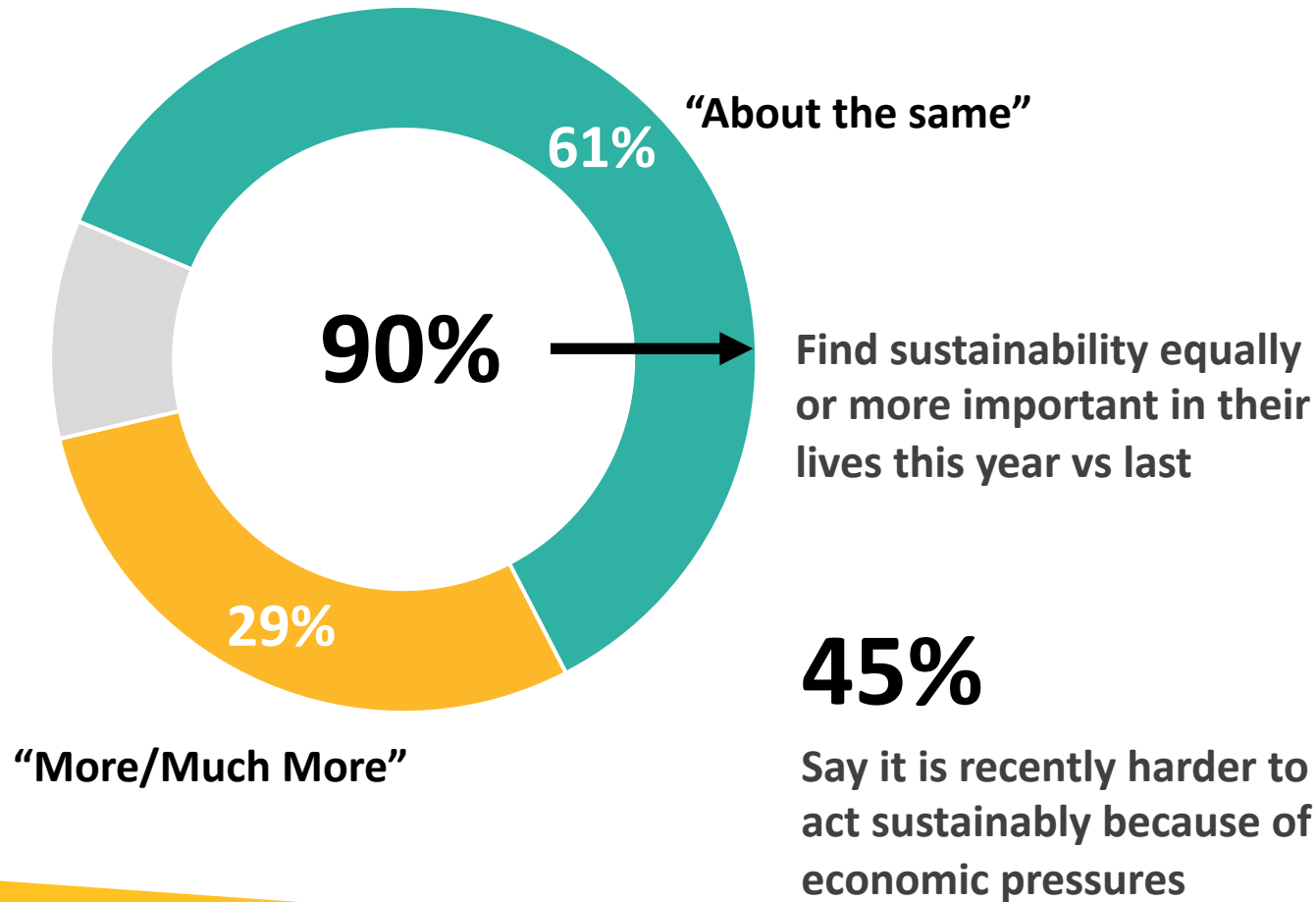
SUSTAINABILITY

IMPACT ON FOOD & BEVERAGE BUYING % Great/Somewhat Impact



SUSTAINABILITY BECOMING MORE IMPORTANT

Importance of Sustainability % U.S. Consumers



Greatest Concerns:

Climate Change 41%

Plastic Waste 38%

Air Pollution 31%

Food Waste 28%



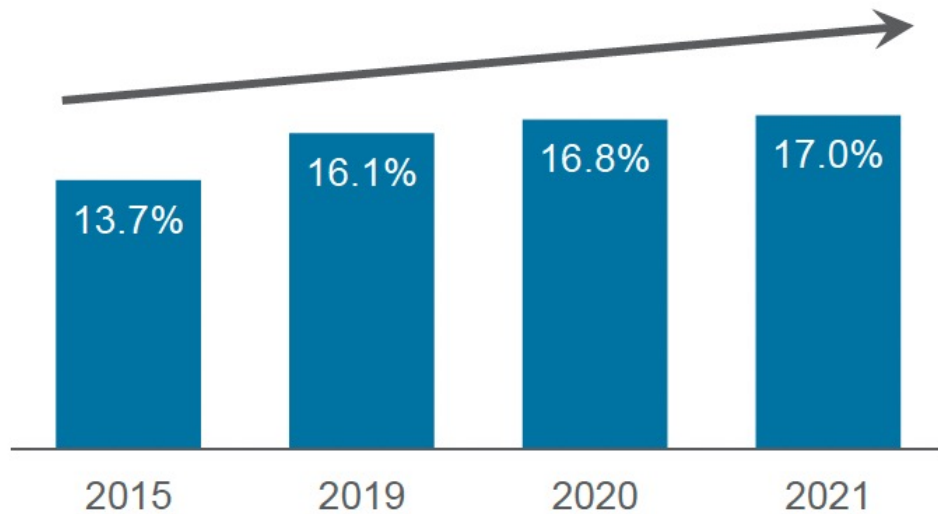


Sustainable Products Drive a Third of All CPG Growth, While Representing 17% of Total CPG Sales

Sustainability \$ Sales Trends Across 36 Core Edible and Nonedible Categories, MULO

Sustainability-Marketed Products Have Grown Share Every Year and Accounted for 17% of CPG Sales in 2021

Annual \$ Share of Sustainability-Marketed Products



Sustainable Products Drove a Third of CPG Growth

\$ Share of Market Growth (2015-2021)

- Sustainability-Marketed Products
- Conventionally Marketed Products

