

CONSUMER PERSPECTIVE ON SUSTAINABILITY



CA Dairy Sustainability Summit
Davis, CA – March 26, 2024

Research Overview – Three Phases – 2000 Consumers

1

Mobile Ethnography

Spending a week with consumers to understand what sustainability means to them when it comes to the grocery store and dairy category

Field: 7/31-8/06/23

Role of This Phase

Directional consumer learnings around sustainability and identifying key inputs for phase 2

2

MaxDiff

20-minute mobile-optimized online survey, including a MaxDiff trade-off exercise to capture the role of sustainability in decision-making

Field: 9/12-9/22/23

Role of This Phase

Determining what messaging and benefits are the most motivating for purchase decisions

3

Conjoint

15-minute mobile-optimized online survey, with a discrete choice model exercise to understand the impact of sustainability on product pricing

Field: 10/11-10/18/23

Role of This Phase

Quantifying if, and what, premium pricing can be charged based on sustainability

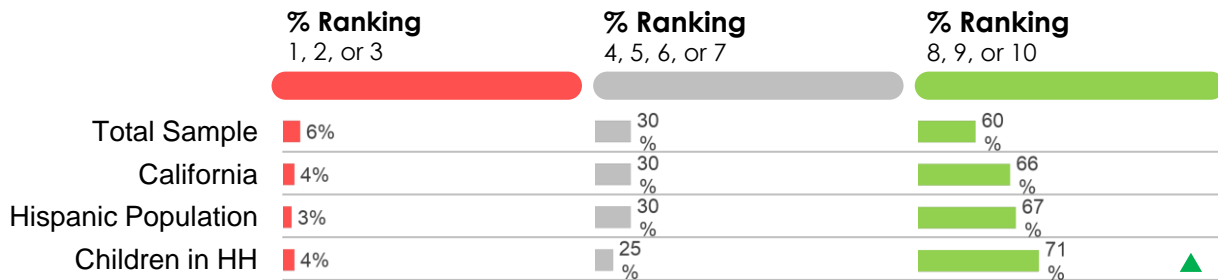
More than 60% of people are very concerned with sustainability.

This is higher in CA and highest among households with children.



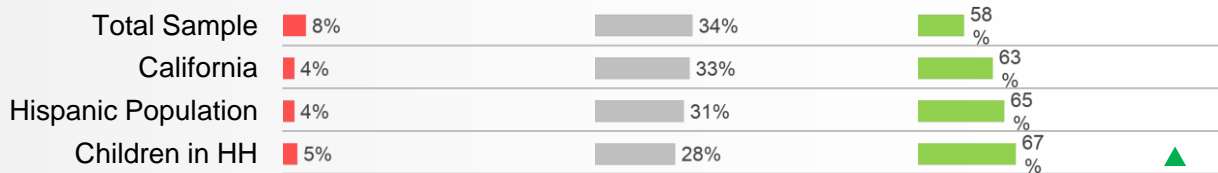
Importance of Sustainability in Life

Q: On a scale of 1-10, where 1 is not important at all and 10 means extremely important, how important is sustainability in your life?



Importance of Sustainability in Dairy

Q: On a scale of 1-10, where 1 is not important at all and 10 means extremely important, how important is sustainability in dairy?

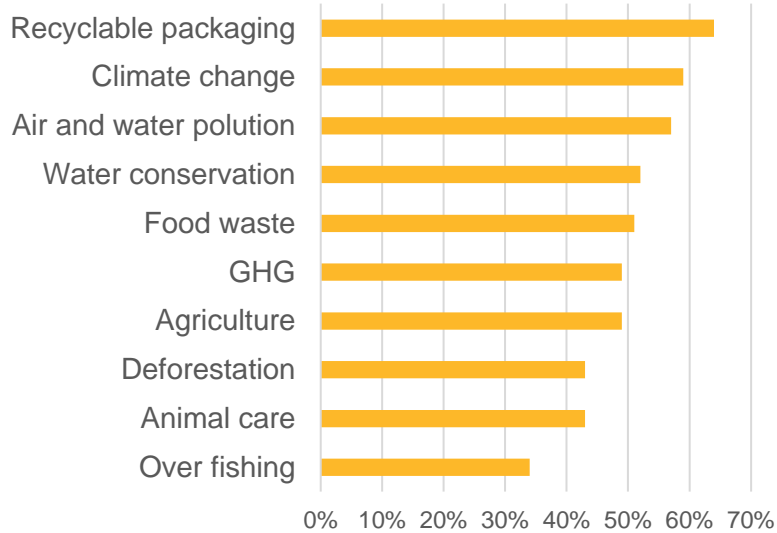


▲ ▼ Performs significantly above/below subgroups at 95% confidence level
Base sizes and question text in the notes section

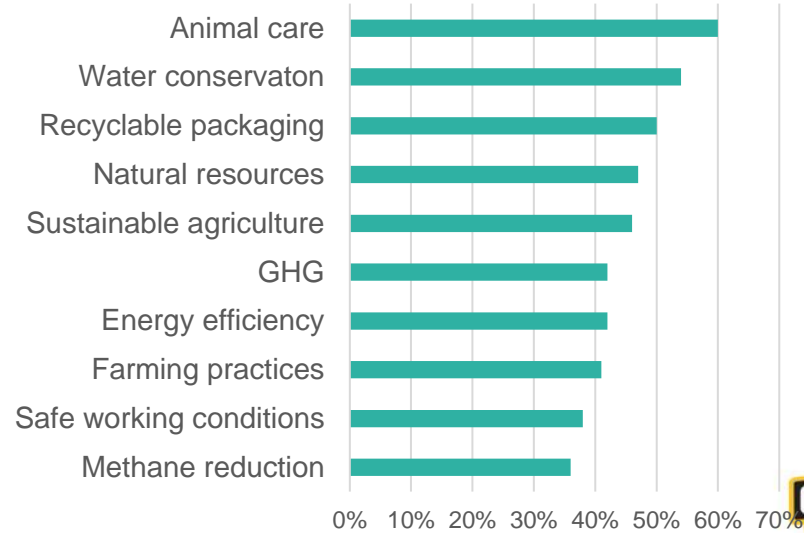


TOP 10 ISSUES ASSOCIATED WITH SUSTAINABILITY IN CA

General Associations with Sustainability



Dairy Associations with Sustainability

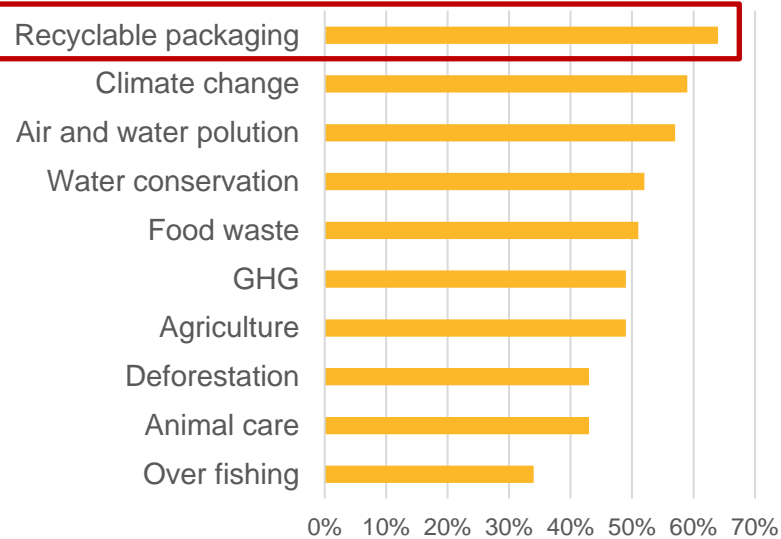


Q: Which of the following causes, if any, do you associate with sustainability?

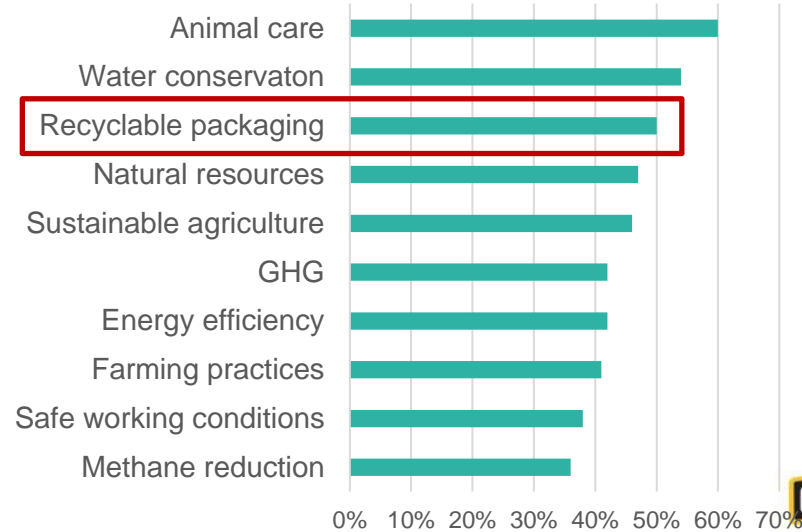


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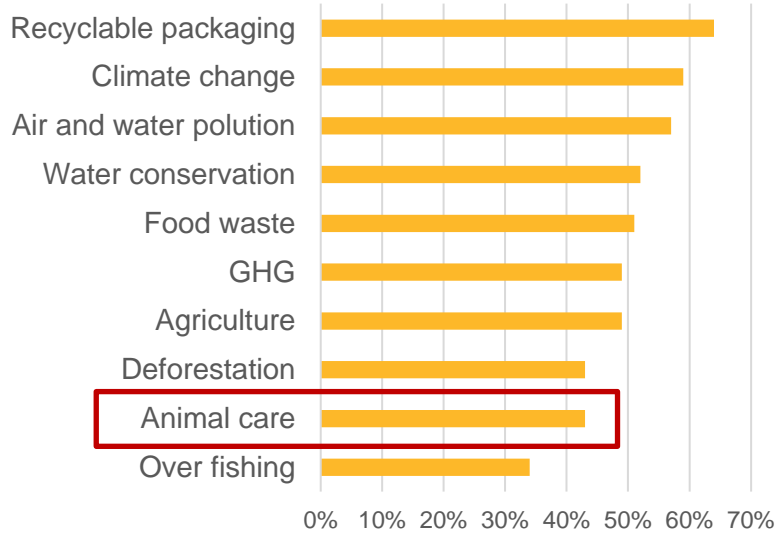


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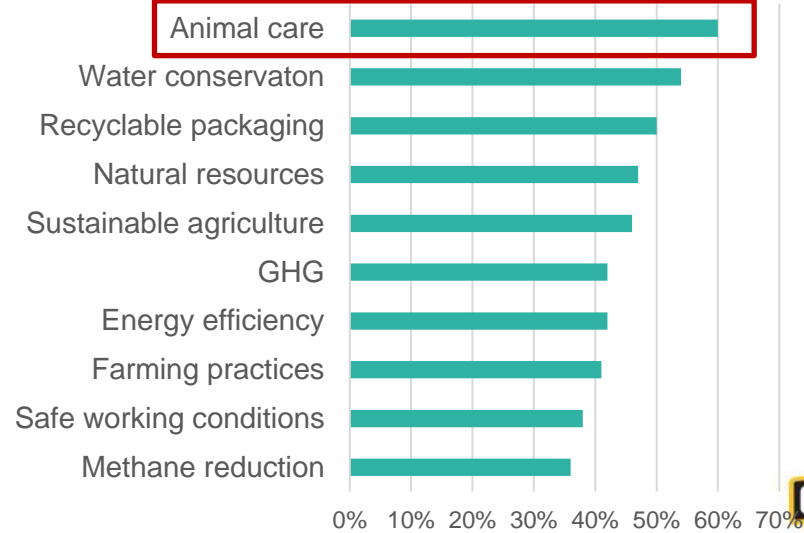


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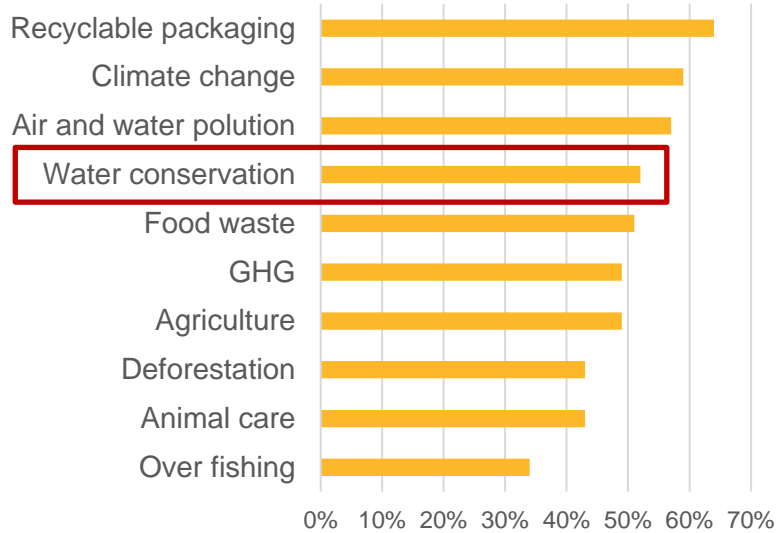


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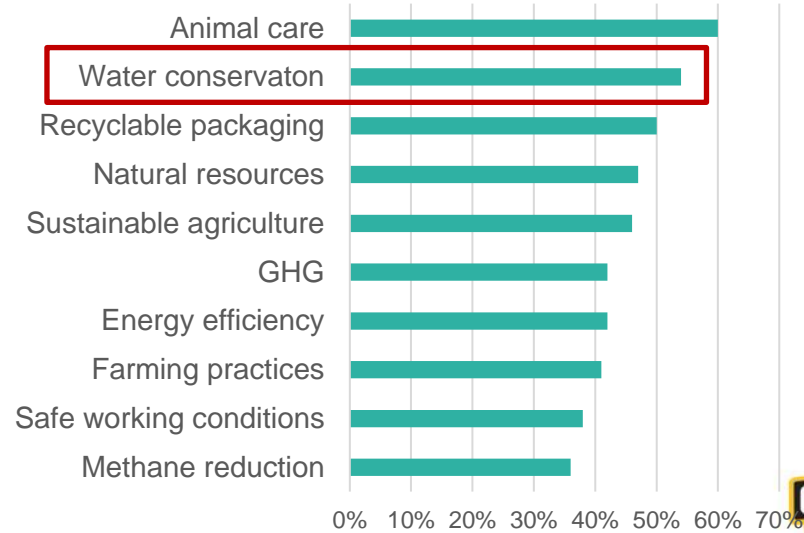


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Dairy Associations with Sustainability



Q: Which of the following causes, if any, do you associate with sustainability?



General Insights:



- Sustainability = longevity and preservation
- Families with kids have the greatest concerns
- Consumers rarely look beyond package and claims
- Scientific terminology confuses consumers, and they gravitate to familiar topics
- Consumers favor eco-friendly packaging, organic, and/or plant-based
- Sustainability is more palatable if paired with other traditional messaging



38 individual messages were tested, which can be categorized into 7 larger factors, 4 of which relate to sustainability.

Nutrition



- High in protein
- High in calcium
- Good source of vitamins D & E
- Availability of low-fat options
- Contains no added sugar
- Good for gut health
- Good source of dietary fats
- Good source of valuable nutrients for a healthy life

Taste, Texture & Use



- Great-tasting dairy
- Rich and creamy texture
- Works well in recipes/cooking
- Is great for baking

Production



- Produced by a family-owned dairy business
- Produced by a locally owned dairy farm
- Produced by farmers who care
- Produced by real California farm families
- Is made in the USA
- Produced by California dairy farmers
- Is made in California

SUSTAINABILITY: Animal Care



- Produced by well-cared-for cows
- Produced by antibiotic-free cows
- Produced by hormone-free cows
- Uses organically formulated cow feed

SUSTAINABILITY: Packaging



- Packaging made from biodegradable materials
- Uses only plastic-free packaging
- Packaging made from recycled content
- Packaging widely accepted by recycling programs

SUSTAINABILITY: Env. Impact



- Is a water-conscious product
- Produced with 100% renewable energy
- Is produced with zero emissions
- Is a climate-neutral product
- Is a carbon-neutral product
- Is a greenhouse-gas-neutral product
- Uses climate-smart production methods
- Uses planet-smart production methods

SUSTAINABILITY: Longevity



- Produced sustainably, with future generations in mind
- Produced with a conservation mindset
- Conserved natural resources in production



MOST INFLUENTIAL DAIRY SUSTAINABILITY MESSAGING:

Q: When it comes to purchasing dairy products at the supermarket for yourself or for your household, which of the following would you say is most influential in your decision and which is least influential in your decision?

Most Influential

Least Influential

SUSTAINABILITY: Animal Care



- Produced by hormone-free cows
- Produced by well-cared-for cows
- Produced by antibiotic-free cows
- Uses organically formulated cow feed

SUSTAINABILITY: Longevity



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Dairy Sustainability Messages – last updated 12/15/2022

Page 1



Planet-Smart Dairy (General Sustainability)

California dairy farms are continually innovating to provide planet-smart, affordable, and highly nutritious food for consumers.	
Planet-smart dairy means producing more nutrient-rich milk with less water, less land, less energy, and fewer fossil fuels, making every glass of milk more sustainable.	
California's dairy farm families are world leaders in sustainable farming practices and producing nutritious, planet-smart dairy products that consumers enjoy.	
California dairy farmers' efforts to develop planet-smart farming practices are yielding significant results. They are leading the way for regeneration and resilience, providing nutrient-dense and affordable foods, and contributing to the economic livelihoods and health of local communities.	Journal of Dairy Science, 2020
California dairy farms have made significant progress to reduce their environmental footprint through improved cow nutrition, care, and comfort, and other efficient farming practices. Our farms continue to lead the world in adopting dairy practices that further improve overall sustainability.	
California's dairy farms provide nutrient-rich, affordable foods, while continually working to protect the planet—helping to meet the needs of people, while creating a more secure and resilient food system.	
California's nutrient-rich milk and dairy foods help protect the health of people and are produced in a way that also promotes the long-term sustainability of our planet.	
Incentive programs help California dairy farmers continue to adopt innovative practices—doing their part to reduce climate emissions, improve protection of air and water resources, and create renewable energy and fuels to power a more sustainable future.	
The dairy sector has an established record of embracing new practices and is actively working to implement innovative solutions to feed a growing world population.	

Shrinking Footprint – Climate, Water, Land

The environmental footprint of a gallon of California milk has been significantly reduced over the past 50-plus years.	Journal of Dairy Science, 2020
California dairy production continues to undergo significant advancements in animal feeding, housing, and care practices, crop production, and overall resource use efficiency and recycling.	

California Dairy Sustainability Messaging Catalog

(15 Pages!)

How do we fit all this on a website?

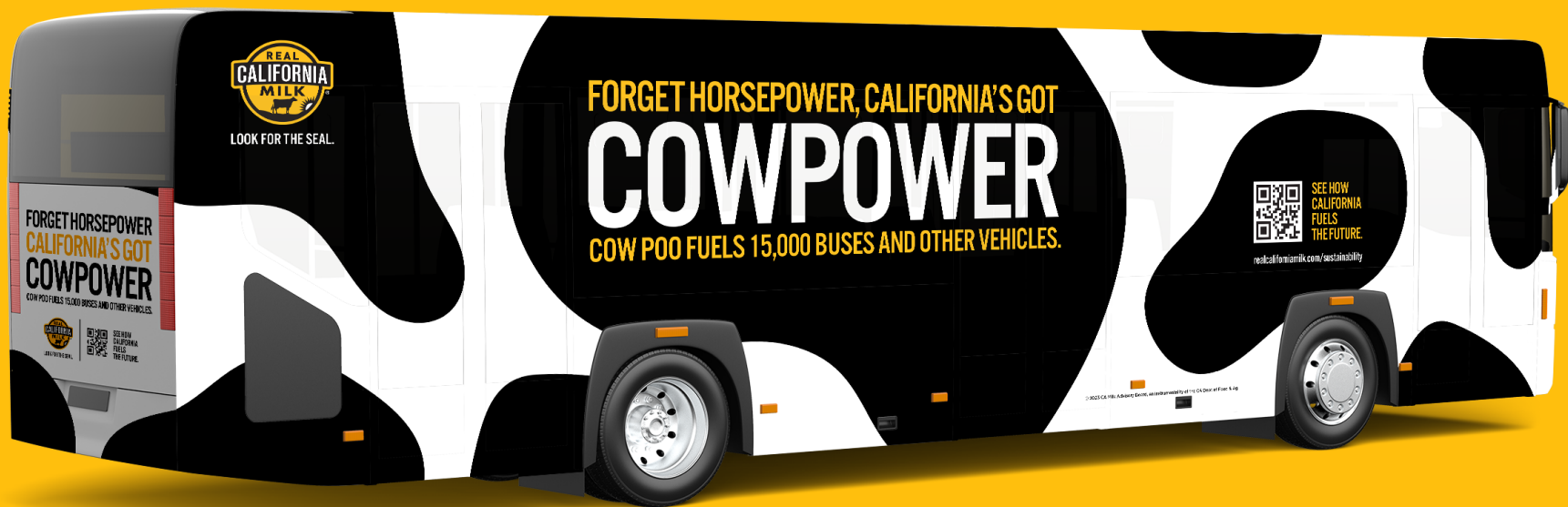
How do we fit it all on a package of cheese?



Consumer Case Study – Cowpower

- Sustainability is not inherently funny
- Much of it is doom and gloom
- Complex, science-based terminology often stifles consumers not inspire them
- Need to make it simple, engaging, and entertaining!





LOOK FOR THE SEAL.

FORGET HORSEPOWER
CALIFORNIA'S GOT
COWPOWER
COW POO FUELS 15,000 BUSES AND OTHER VEHICLES.



FORGET HORSEPOWER, CALIFORNIA'S GOT
COWPOWER
COW POO FUELS 15,000 BUSES AND OTHER VEHICLES.



SEE HOW
CALIFORNIA
FUELS
THE FUTURE.

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LOOK FOR THE SEAL.

FORGET HORSEPOWER CALIFORNIA'S GOT COWPOWER

COW POO FUELS 15,000 BUSES AND OTHER VEHICLES.



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REAL CALIFORNIA MILK   

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In California, we try not to waste waste. Check out how we're converting cow poo into renewable energy for vehicles and more. #FarmtoFuel #RealCaliforniaMilk



realcaliforniamilk.com
We've Got Cowpower
 Watch The Video

Learn more

CALIFORNIA'S GOT COWPOWER

COW POO FUELS OVER 15,000 VEHICLES

RealCaliforniaMilk.com/sustainability




LOOK FOR THE SEAL.

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THE VIDEO IS EFFECTIVE AT DELIVERING NEW INFORMATION AND IS HIGHLY LIKED

Bastion Insights
All Client/Ad Average: 69%

New Information

Top 2 Box

95%

A lot of new information

63%

Some new information

32%

No new information

Gave me no new information at all

4%

Total LA & SD

Likeability

81%

I liked it a lot

52%

I somewhat liked it

29%

I neither liked nor disliked it

12%

I somewhat disliked it

3%

I didn't like it at all

4%

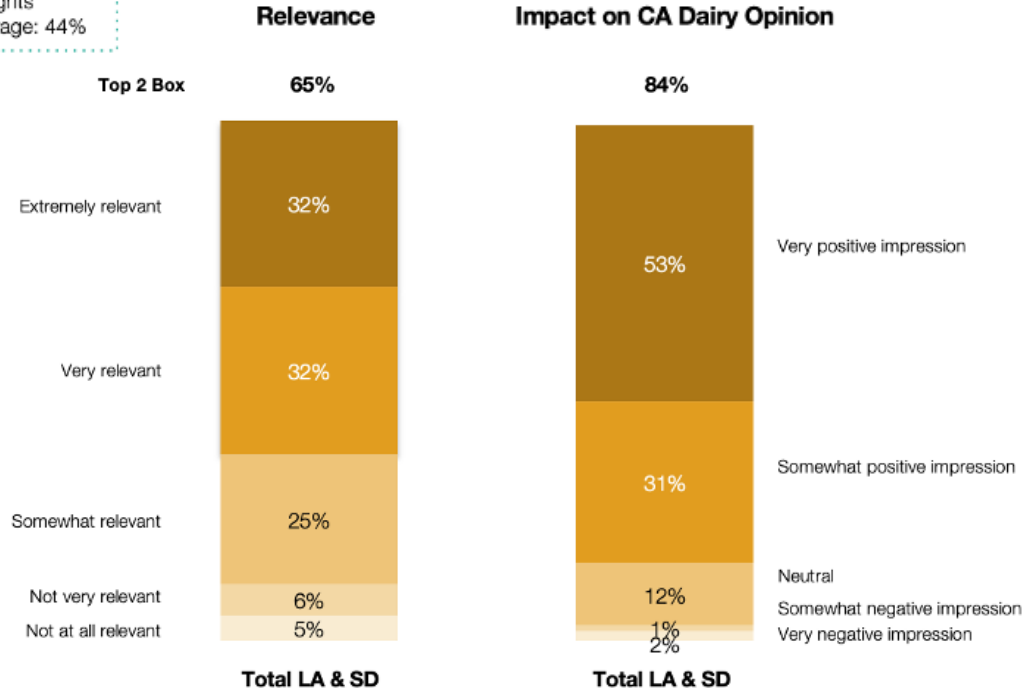
Total LA & SD

Bastion Insights
All Client/Ad Average: 70%



THE VIDEO ALSO RATES WELL IN RELEVANCE AND GENERATING POSITIVE PERCEPTIONS OF CA DAIRY

Bastion Insights
All Client/Ad Average: 44%



WE SEE POSITIVE SHIFTS IN CA DAIRY PERCEPTIONS REGARDLESS OF TYPE OF ASSET

	Recognizers						
	Pre	Bus	Shift	Social Collage	Shift	Social Video	Shift
Sustainable farming	67%	80%	+13	82%	+15	80%	+13
Proper/ethical treatment of animals	65%	77%	+12	84%	+19	82%	+17
Are invested in a more sustainable future	71%	78%	+7	82%	+11	84%	+13
Climate consciousness*	64%	76%	+12	69%	+5	80%	+16



WHAT'S NEXT:

- General messaging update
- Package specific messaging research
- In-market package testing
- Cowpower extensions
 - Byproducts used in feed
 - On-farm water use/recycling



QUESTIONS

Live in the
GOLDEN STATE[™]
WITH REAL CALIFORNIA DAIRY

