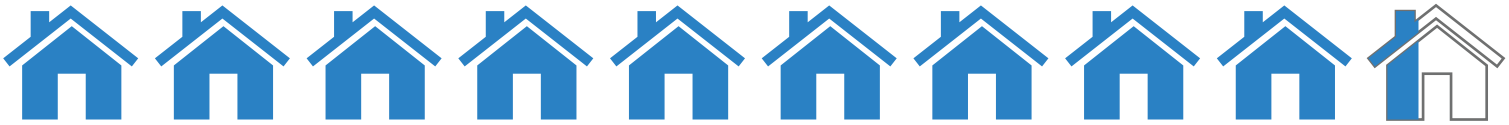
MILK

In 2017, **REFRIGERATED MILK**, was one of the fastest-declining beverage categories, with SPINS data showing a 1.5% year-over-year sales decline to a $13.2 billion market at the end of last year. In contrast, SPINS saw a 4.1% sales increase in **REFRIGERATED PLANT-BASED MILK** to a $1.6 billion market and a 2.0% increase in **SHELF-STABLE PLANT-BASED MILK** to a $224.6 million market in the same time span.

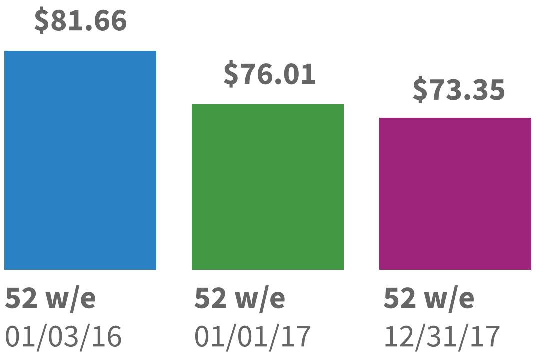
Several [recent reports] indicate that even organic milk is suffering due to shoppers seeking alternative options. In the face of these shifting purchasing habits, SPINS is committed to helping retailers navigate the shifting factors driving consumer decisions in the milk aisle. SPINS' Consumer Insights Solution, which leverages household scanner panel data overlaid with SPINS' proprietary understanding of natural and organic consumer purchase behavior, helps shine a light on the consumer trends affecting these aisles of the grocery store.

93% OF ALL HOUSEHOLDS PURCHASE REFRIGERATED MILK

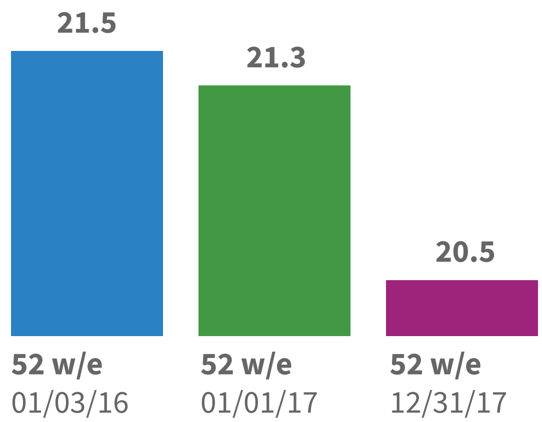


However, the dollars per buyer and trips per buyer for **REFRIGERATED MILK** has steadily decreased over the past two years, aligning with SPINS' observed sales trends.

DOLLARS PER BUYER



TRIPS PER BUYER



SPINS' and IRI's NaturaLink Consumer Segmentation divides all consumers into **seven different segments**. Reviewing this data and looking specifically at organic milk, the three biggest consumer segments this past year were:

TRUE BELIEVERS	HEALTHY REALISTS	ENLIGHTENED ENVIRONMENTALISTS
36% OF HOUSEHOLDS	**16%** OF HOUSEHOLDS	**16%** OF HOUSEHOLDS
$64.72 DOLLARS PER BUYER	**$60.17** DOLLARS PER BUYER	**$51.77** DOLLARS PER BUYER

Across the board, SPINS' and IRI's household panel data in the below chart shows that fewer of these households have purchased organic milk over the past year, and two out of three of these consumer segmentations (Enlightened Environmentalists and True Believers) have spent fewer dollars per buyer and spent fewer dollars per trip. It's safe to say that the core market for organic milk is turning away from this product little by little. What are they turning toward?

YEAR-OVER-YEAR **ORGANIC MILK** PURCHASE TRENDS

GROUP	% HH BUYING	DOLLARS PER BUYER	DOLLARS PER TRIP
ENLIGHTENED ENVIRONMENTALISTS	16% ▼6%	$51.77 ▼4%	$5.41 ▼3%
HEALTHY REALISTS	16% ▼6%	$60.17 ▲6%	$6.76 ▲3%
TRUE BELIEVERS	36% ▼3%	$64.72 ▼4%	$6.31 ▼4%

Interestingly enough, we're also finding year-over-year dollar and buyer declines for natural **REFRIGERATED PLANT-BASED MILK** products as a trend for these consumer segments, with the exception of True Believers, who spent 4% more dollars per buyer year over year. However, many dairy alternatives are offered in shelf-stable form, and we're observing volume and dollar growth among this subset of products.

Looking at natural **SHELF-STABLE PLANT-BASED MILK** products, we see an equal or greater number of households purchasing across Enlightened Environmentalists, Healthy Realists, and True Believers year over year, along with a growing number of dollars spent per trip across the board. Enlightened Environmentalists and True Believers also spent more dollars per buyer and made more total trips that included **SHELF-STABLE PLANT-BASED MILK** last year.

YEAR-OVER-YEAR **SHELF-STABLE PLANT-BASED MILK** PURCHASE TRENDS

GROUP	% HH BUYING	DOLLARS PER BUYER	DOLLARS PER TRIP
ENLIGHTENED ENVIRONMENTALISTS	18% 0%	$21.23 ▲11%	$5.18 ▲6%
HEALTHY REALISTS	15% ▲7%	$18.37 ▼2%	$5.83 ▲2%
TRUE BELIEVERS	25% 0%	$21.54 ▲5%	$5.47 ▲3%

TAKEAWAYS

It's likely that a portion of the core natural and organic consumers are trading from organic milk to shelf-stable plant-based milk options, and, in 2018, more of them are likely switching at least some of their purchases to refrigerated plant-based milk options as new iterations arrive in the marketplace (one of the latest being pea milk). New options from brands like **Bolthouse Farms** and **Ripple**, for example, are grabbing attention in the refrigerated case.

Certainly many natural consumers purchase dairy and plant-based milks for use in cooking and baking preparations, but we're also interested in these categories as standalone beverage choices. Based on SPINS Consumer Insights for other beverage categories, it's also likely that some core natural and organic consumers are switching to other beverages, such as natural items from **SHELF-STABLE WATER** and **SHELF-STABLE FUNCTIONAL BEVERAGES** categories, which both saw notable year-over-year growth from all three core natural and consumers segmentations. SPINS will be tracking this trend closely to see how dairy continues to fare in the beverage marketplace and how other categories (beverage and food alike) are affected.

Only SPINS' Consumer Insights Solutions provides a comprehensive look at the shifting consumer behaviors and need states driving the health & wellness retail industry. Want to know more? Contact your SPINS rep or ***spinsinfo@spins.com*** *to dig deeper into data on dairy consumption and other hot retail topics affecting your business.*

SPINSscan Natural and Specialty Gourmet (proprietary), SPINSscan Conventional Multi Outlet (powered by IRI), 13 Quads Ending 2017-Dec-31.
SPINS Consumer Insights (IRI Consumer Panel), Total US All Outlets, 104 weeks ending 2017-Dec-31.