

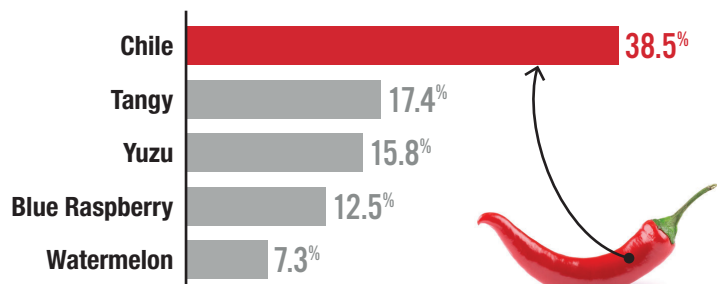


TRENDS IN DAIRY: DESSERTS

Dessert remains a popular post-meal occasion, with 57% of consumers eating dessert at least once a week and a third of consumers stating they eat dessert daily. When it comes to delineating what makes a dessert a dessert, conventional definitions continue to dominate. Some 71% of consumers say that traditional desserts such as cookies, pies and cakes are what define a dessert. However, desserts are increasingly defined as anytime occasions. The percentage of consumers who consider a dessert as any sweet food item consumed at any time (not just after a meal) increased to 37%, up from 33% in 2015, as did those who define dessert as sweet beverages consumed at any time (25%, up from 21% in 2015). This suggests that operators now have more opportunities than before to drive off-peak traffic with desserts.

Dairy products are essential in each of the top desserts menued. Operators should always consider using Real California milk, cream, butter, ice cream and yogurt to provide a sense of real, fresh and simple.

Fastest-Growing Dessert Flavors



30%

of 18- to 34-year-olds find spicy desserts appealing. Real California dairy products can help balance the heat!

SWEET MENU FACTS:

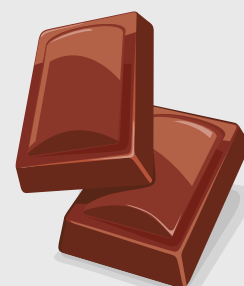
TOP DESSERTS ON MENUS

- 1 Milkshake/Malt
- 2 Chocolate Cake
- 3 Ice Cream
- 4 Plain Cheesecake
- 5 Fruit Pie/Crisp



TOP DESSERT FLAVORS

- 1 Chocolate
- 2 Vanilla
- 3 Strawberry
- 4 Caramel
- 5 Banana



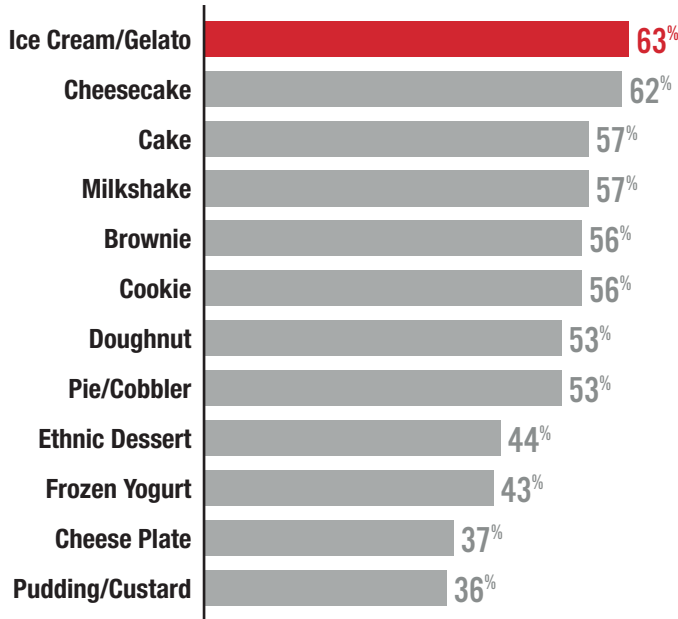
Base: Q3 2018
Source: Technomic, Menu, powered by Ignite

CONSUMER PREFERENCES

For the most part, consumer preferences for dessert types align with what's already being offered on menus. The top four desserts that consumers say they're most likely to purchase are among the leading four desserts listed on menus. But there are a number of demographic skews when it comes to dessert preferences. Let's delve into a few.

Likelihood of Purchasing

(Top Two Box = Likely + Very Likely)



Q: How likely would you be to purchase the following desserts at a restaurant or other foodservice location, on a scale of 1-5, where 1 = Very Unlikely and 5 = Very Likely?
Base: 1,000 consumers ages 18+



Female Dominant

Among all desserts listed, women are more likely than men to say they're likely to purchase them. For some desserts, skews are more prominent: 66% of women versus just 59% of men are likely to purchase ice cream or gelato; 48% of women versus 38% of men are likely to buy frozen yogurt; and 68% of women versus 57% of men are likely to order cheesecake.

Millennial Leaders

Millennials (those born between 1977 and 1992) are more likely than consumers of all other generations to order every dessert. The sole exception is with ice cream and gelato—Gen Zers slightly beat out Millennials, with 75% saying they'd likely purchase ice cream or gelato versus 74% of Millennials.

Southern Sweets

In most instances, consumers in the South are more likely than those from other regions to order most desserts, including brownies, cake, cheesecake, cheese plates, cookies, ice cream, milkshakes, pudding/custard and pies/cobblers. However, it's not the case for all desserts: Northeasterners are the most likely to order ethnic desserts and Westerners are the most likely to purchase frozen yogurt.

TOPPING PREFERENCES

Three in five consumers (60%) enjoy putting toppings on their desserts. This is largely driven by younger consumers, with 70% of Gen Zers and 71% of Millennials agreeing. Here are a few facts to consider regarding dessert toppings.



Whipped cream is a topping favorite for a range of desserts. **Some 68% of consumers enjoy topping their desserts with whipped cream**, skewing high for Gen Xers at 74%. It's a top-two favorite topping for both ice cream and frozen yogurt.



Cream cheese frosting is an innovative topping for cakes, the leading dessert after ice cream on which consumers say they enjoy putting toppings. Plus, this could further appeal to the **57% of Millennials who say they want to see more cheese-based desserts.**



Novel toppings beyond the ordinary could appeal to those looking for more nontraditional desserts. **How about drizzling butterscotch syrup or dropping candy pieces atop a traditional dessert for a twist on a classic?**

DESSERT TRENDS TO WATCH

For years, the leading consumer preferences and flavors for desserts have remained relatively unchanged. Consumers clearly like the classics. But the classics can be updated or upgraded, and today's trends prove that operators are continuously thinking about how to evolve their dessert menus with consumer preferences and food trends in mind.

1 *Healthful Desserts*

Desserts may be an indulgent occasion, but consumers still want to feel good about what they put into their bodies. Descriptors such as scratch-made or Real California milk in ice cream are most likely to suggest to consumers that a dessert is better for them, and 29% of consumers (including 37% of 18- to 34-year-olds) say they are increasingly eating healthier desserts. Top clean-eating attributes that increase purchase intent and price thresholds include real, made-from-scratch, natural and no artificial flavors/colors.

WHY? 60% of consumers would like to see more better-for-you desserts

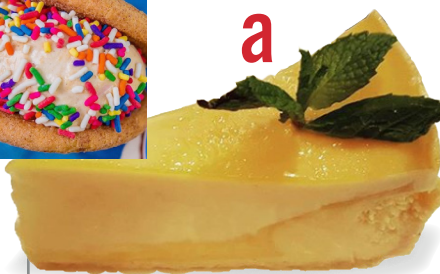
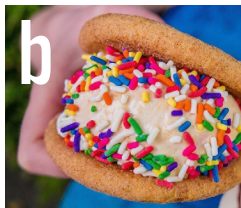
a ON THE MENU: Fuzio Universal Bistro in Modesto, Calif., menus Cheesecake by Chef Fuzio, selections that are made from scratch and change regularly. Pictured is Mango Cheesecake, a seasonal option topped with real mint.

2 *Blast From the Past*

Retro desserts such as ice cream sandwiches and treats that spotlight childhood brand names create comfort-food appeal by invoking a sense of nostalgia. These items produce high craveability and popularity levels. Operators who don't want to roll out entirely new dessert offerings can go retro by incorporating old-school ingredients and household brand names into existing treats, such as toppings for Real California ice cream.

WHY? 46% of consumers say they enjoy many of the same desserts they ate as a child

b ON THE MENU: Millbrae, Calif.-based CREAM is known for customizable ice cream sandwiches served on freshly baked cookies with a choice of topping, including Gummy Bears and mini marshmallows.



3 *Wow-Factor Treats*

Desserts are the perfect mealpart to go big or go home, and that's what many operators are doing. Trending now are overexaggerated portions, brightly colored sweets, eye-catching and novel presentations of desserts and mashups. These often Instagrammable appearances help generate buzz and drive traffic, differentiate concepts from competitors and meet younger consumers' expectations for new and exciting dining experiences.

WHY? 71% of consumers say that the visual appeal of a dessert is very important to them

c ON THE MENU: Houston-based Marble Slab Creamery launched limited-time Majestic Shakes. Not only is each shake overflowing with toppings, but they also feature bright colors, mashups such as cereal and nostalgic inspirations such as cotton candy.



ROUNDUP

On average, operators offer 4.9 desserts on their menus. But still, 64% of consumers would like to see more dessert options at restaurants. That skews heavily for women (68% versus 59% men). However, generationally, Gen Zers have the strongest feeling about wanting more dessert options at 79% compared to 70% of Millennials and Gen Xers and 51% of Baby Boomers. But operators needn't get overwhelmed with rolling out a plethora of new dessert options to appeal to these consumers. Here are a few ways to appease today's diners:

- ▶ Provide a build-your-own dessert format by way of toppings or sauces on hand
- ▶ Consider dessert mashups with other dayparts or mealparts, using ingredients already in your kitchen
- ▶ Offer desserts in multiple sizes: large sharing versions like a skillet cookie with multiple scoops of ice cream or mini and bite-sized options of dessert favorites like cakes, sundaes, doughnuts, etc. for smaller appetites

For more information and to source California dairy products, visit: RealCaliforniaMilk.com/foodservice

