January 2023 Sales Team Communications

TheHilandSalesHome.com

Promotional Period:
November 14 - December 31, 2022

The Happy Hiland-days promotion ended on December 31. It was an exciting consumer promotion lifting our social media net audience by almost 1,400%. Here are the final results.

Final Results:
Total Entries: 20,892
Unique Entries: 9,647
Bonus Entries: 11,245
Facebook Visits: 4,833
Facebook Shares: 189
Twitter Followers: 1,703
Instagram Visits: 2,725
Pinterest Followers: 1,984
E-news Subscribers: 7,958
Referrals: 258

+1,394%
Social Media
Net Audience
Growth

New Indulgent Email Track: 754 signups!
Social Media Net Audience Growth: 3,183 (+1,394%)

HilandDairy.com/Holiday

Hiland DAIRY FOODS FARMER OWNED

Hiring Campaign

Please make sure you are keeping Trudy in the loop on new openings and jobs that have been filled.

Recruitment and Hiring Campaign
Ongoing

We started another digital promotion for recruitment efforts this month and have built more into our media plan three additional runs for the remainder of the 2023 FY.

In addition to our ongoing Facebook ads for individual listings, we will be running digital display, video, social ads, and streaming audio driving potential employees to current openings. We will also have radio sponsorships and spots in targeted markets.

We have seen great numbers in the past and we expect an increase in qualified applicants with this plan in place. We encourage markets in urgent need to consider plant, fence, or trailer "Now Hiring" signage. We also encourage employees to share open listings.

Please keep Trudy Fugitt in the loop on new openings and positions that have been filled so we can best allocate the budget.

Monthly Sales Goal Flyers

We have added a new category to the Hiland Sales Home for the monthly sales goal flyers. We will add these for easy reference as we receive them from the marketing team.

View Goal Flyers here.

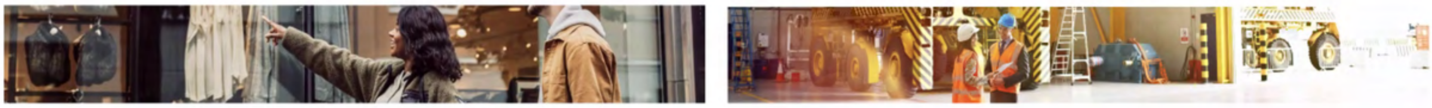
thehilandsaleshome.com/goal-flyers

Industry News

The following information is from a recent MilkPEP webinar.

Recent developments: Demand cooling, supply factors still a big wild card

If current conditions hold, goods inflation will continue to soften, but services prices may continue to rise quickly in light of ongoing labor shortages and still-growing demand



Consumer income and savings

Most recently:
Incomes not keeping up with inflation

Time and money spent away from home

Most recently:
More time out of the home, with some behaviors permanently changed

Business and residential investment

Most recently:
Business investment sustained while homebuilding is falling sharply amid interest rate increases

Supply chain

Most recently:
Far from normal

Labor shortages and employment costs

Most recently:
Businesses still desperate for workers

Commodity prices

Most recently:
Recession concerns bring down prices

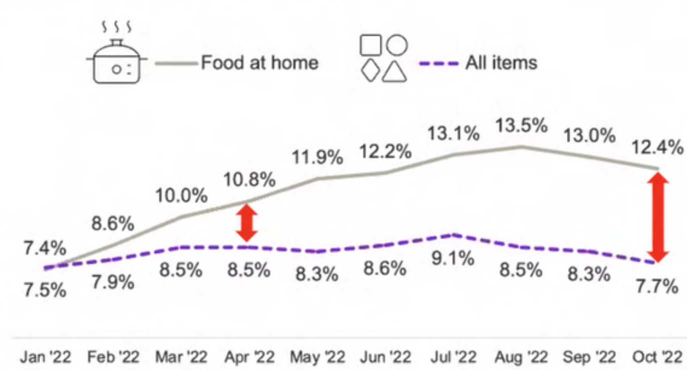
KANTAR

Source: Kantar

Food is among the most inflationary categories and that gap has gotten wider relative to early 2022

Average Inflation YoY

12-Month CPI Percent Change



KANTAR

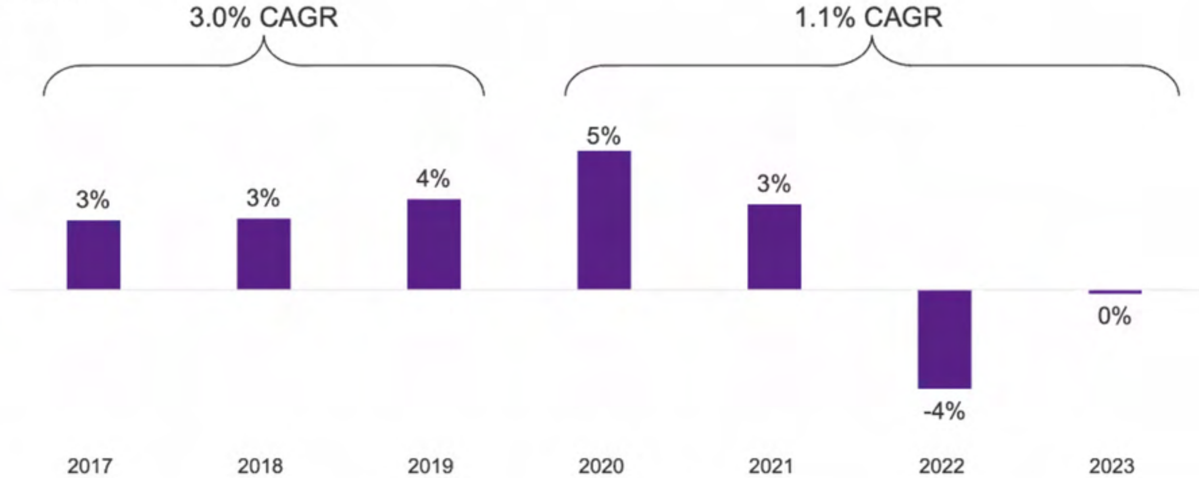
Source: Kantar, U.S. Bureau of Labor Statistics

Industry News

Flat aggregate inflation-adjusted income in 2023 points to weak demand

Inflation will offset income, forcing some shoppers to hold the line or cut back. The 50% of shoppers that built up high savings in ’20-’21 may continue to push forward with spending.

Inflation-Adjusted Annual Income Growth



KANTAR

Source: Kantar, US Bureau of Economic Analysis

Inflation in dairy is a concern for shoppers, although not as much as meats, fruits, and vegetables

Shoppers Extremely/Very Concerned With Rising Costs Due to Inflation, by Category
(among all shoppers)

KANTAR

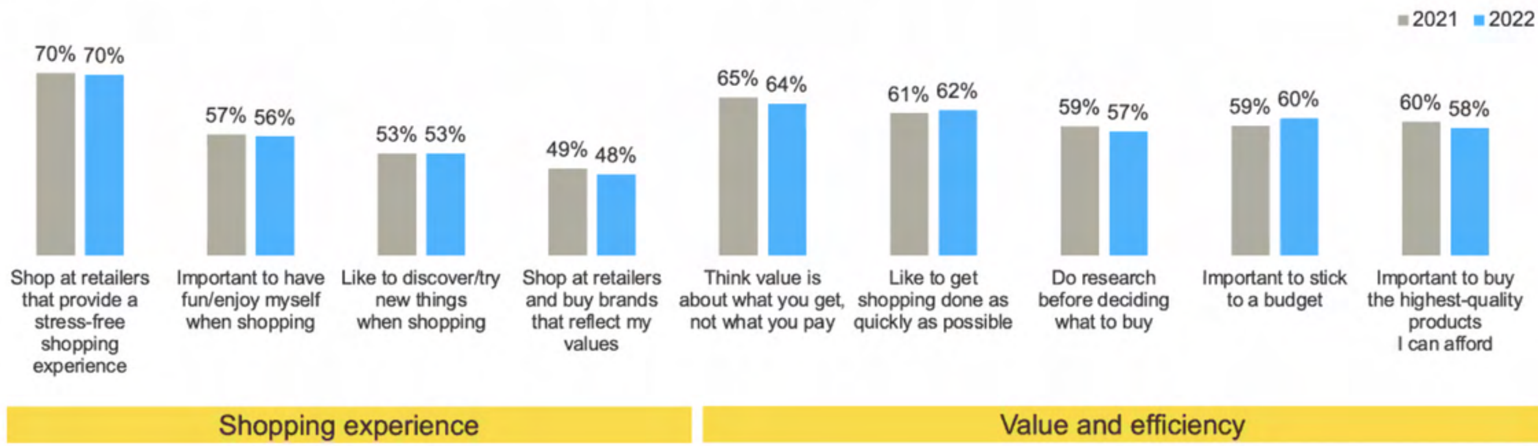
Source: ShopperScape, January, March – September 2022

Industry News

Subtle changes in shopping priorities reflect shifting mindset

Importance of relative value dips while importance of sticking to a budget increases

Shopping Approaches and Priorities
(top two-box summary, share of shoppers who indicate statement describes them)



Shoppers under pressure from rising prices will leverage multiple shopping and budgeting strategies to ensure they can buy what they need

Activities to Manage Finances in Past Three Months
(share of all shoppers who indicate participating in activity; net of relevant activities)

Channel/brand shifting

Consolidating trips	26%
Switched to lower-priced products	22%
Buying whatever brand is currently on sale	18%
Switched from national brand to store brand	15%
Shopped more at discount stores	17%
Shopped more at club stores	12%

Disciplined spending

Purchased fewer nonessential items	25%
Did not purchase nonessential item that was a great deal*	16%
Did not purchase something I've been planning to buy*	15%
Stopped paying for things I can do/make myself*	9%
Minimize delivery fees by using BOPIS	9%
Keep track of spending or basket size as I shop	9%
Switched to smaller sizes	9%

Stocking up

Stocked up when products on sale	25%
Switched to bulk-sized products	10%

Delay/ minimize

Eating out less often	34%
Canceled some subscriptions/services	16%
Stopped buying some grocery products I typically buy	16%
Used credit cards more than I typically would	12%
Used buy now, pay later	7%

Deal seeking

Shopped around to find the lowest price	26%
Looking for/using coupons	23%
Comparing prices online when shopping	20%
Split my shopping basket between retailers with lowest prices	12%

*not asked in prior waves

Industry News

Shoppers still visiting fewer stores while number of retailers shopped online remains steady

Average Number of Retailers Shopped, by Month
(among all shoppers)

* Online via a computer or online via smartphone

KANTAR

Source: ShopperScape October 2019-Octoer 2022

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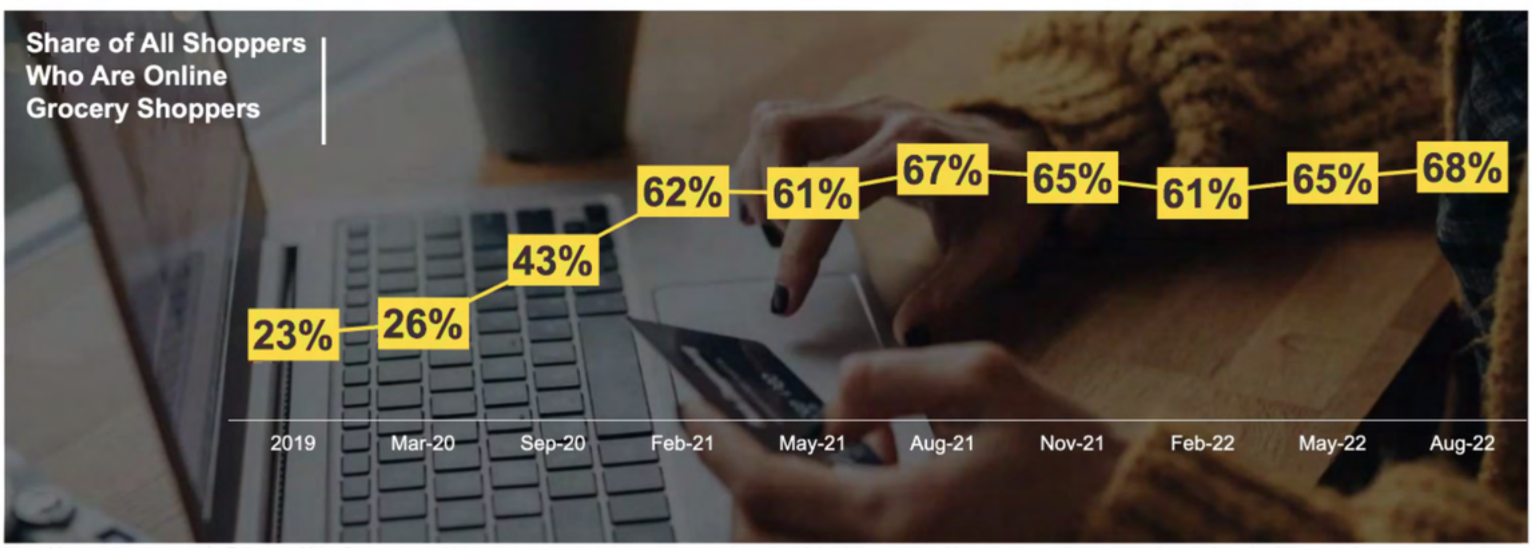
After a dramatic rise in online grocery shopping in the pandemic, the practice remains in the mainstream and seems poised to stay



Note: Methodology change in February 2021. Data prior to 2021 represents all shoppers who purchased perishable/nonperishable groceries online in past six months and plan to continue shopping online; 2021 and 2022 data is shoppers who do all/most grocery shopping online or buy groceries online regularly, occasionally, or just once but plan to do so again.

KANTAR

Source: ShopperScape Online Grocery 2019, 2020; Amazon and Online Update, September 2020; Grocery Deep Dive, February/May/August/ November 2021, February/May/August 2022

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Industry News

Reasons for online grocery shopping have changed: more about managing spending but also a better experience

How Reasons for Grocery Shopping Online Have Changed, 2022 vs. 2021
(index values vs. 2021; share of online grocery shoppers who indicate reason is extremely important)

Products bought online **higher quality** than in store *35% vs.29%*	120
Better customer service than in stores *37% vs.33%*	113
Shopping experience is **more personalized** *40% vs .36%*	111
Ability to **track spending** *48% vs. 43%*	110
Can **avoid** going into the **store** *57% vs. 53%*	109
Can **shop without kids** in store *41% vs.38%*	109
Easier to **resist** buying on **impulse** *46% vs.43%*	107
Easier to **stick to a budget** *47% vs.45%*	104

KANTAR Source: ShopperScape Grocery Deep Dive, May/August 2021 and 2022 29

Top 15 Retailers and Channel Growth in the US Market

Club, discounters, and online continue to grow into 2027. Amazon is slowing

Rank	Retailer	Sales 2021	Sales 2027E	Sales CAGR	Stores 2021	Stores 2027E	Stores CAGR
1	Walmart	459,514	567,970	3.6%	5,326	5,329	0.0%
2	Amazon.com	217,788	406,499	11.0%	557	715	4.2%
3	Costco	140,406	204,622	6.5%	561	630	2.0%
4	Home Depot	140,062	162,339	2.5%	1,993	1,999	0.1%
5	Kroger	136,485	167,499	3.5%	2,874	2,871	0.0%
6	Walgreens Boots	109,467	140,050	4.2%	8,683	8,255	-0.8%
7	Target	104,620	135,176	4.4%	1,926	2,068	1.2%
8	CVS	94,923	111,872	2.8%	9,919	9,035	-1.5%
9	Lowes	87,727	98,807	2.0%	1,737	1,744	0.1%
10	Albertsons Comp	71,873	82,769	2.4%	2,320	2,315	0.0%
11	Apple	64,839	103,864	8.2%	272	272	0.0%
12	Ahold Delhaize	53,609	67,572	3.9%	2,057	2,076	0.2%
13	Publix	47,997	60,435	3.9%	1,598	1,742	1.4%
14	Best Buy	47,761	58,860	3.5%	957	886	-1.3%
15	TJX	38,082	44,425	2.6%	3,345	3,564	1.1%

Channel	Sales in millions of USD 2018	2021	2027E	CAGR 18 - '21	CAGR 21 - '27E
Apparel	106,649	104,248	122,300	-0.8	2.7
Category Specialist	446,354	528,170	618,067	5.8	2.7
Club\Cash and Carry	168,397	213,866	273,283	8.3	4.2
Convenience	60,556	64,582	73,239	2.2	2.1
Department	68,746	50,594	46,277	-9.7	-1.5
Discounter	102,740	122,575	177,759	6.1	6.4
Drug	216,438	241,058	286,403	3.7	2.9
Supercenter\Mass	396,010	428,532	474,623	2.7	1.7
Online	290,928	560,878	1,003,883	24.5	10.2
Supermarket	439,165	492,879	569,414	3.9	2.4
Total USA KR Retail	2,295,983	2,807,382	3,645,246	6.9	4.5

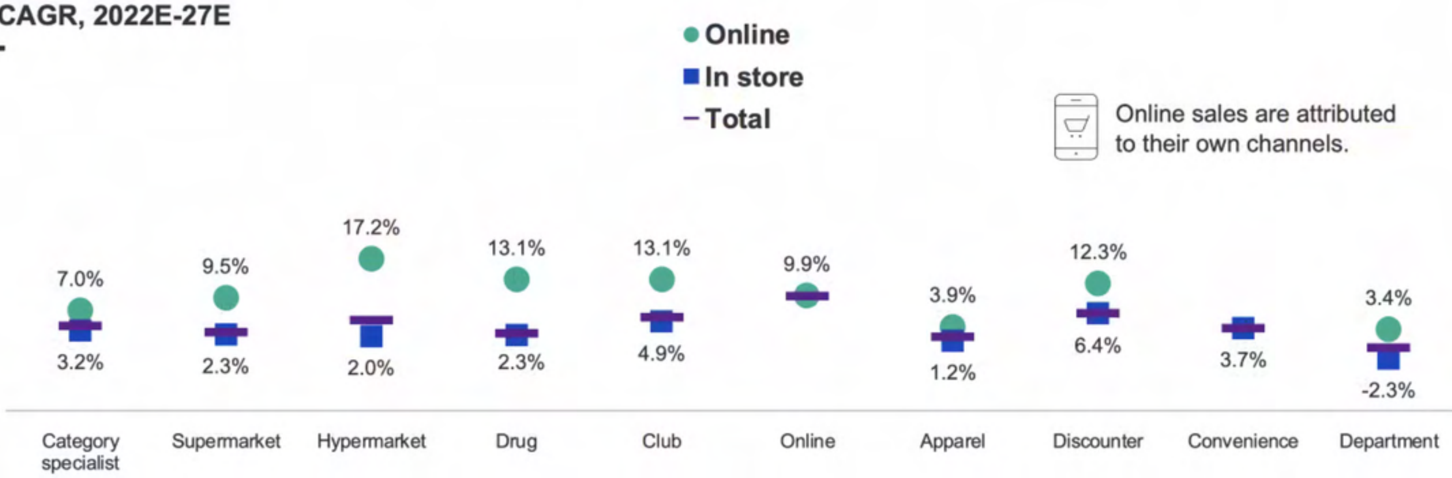
KANTAR Source: Kantar 33

Industry News

Online outpaces brick-and-mortar growth across most channels

Online and brick-and-mortar sales growth by retailer channel

Sales CAGR, 2022E-27E



	Category specialist	Supermarket	Hypermarket	Drug	Club	Online	Apparel	Discounter	Convenience	Department
Combined online and in-store CAGRs	*4.0%*	*2.8%*	*5.2%*	*2.6%*	*5.7%*	*9.9%*	*1.9%*	*6.5%*	*3.7%*	*-0.2%*

KANTAR

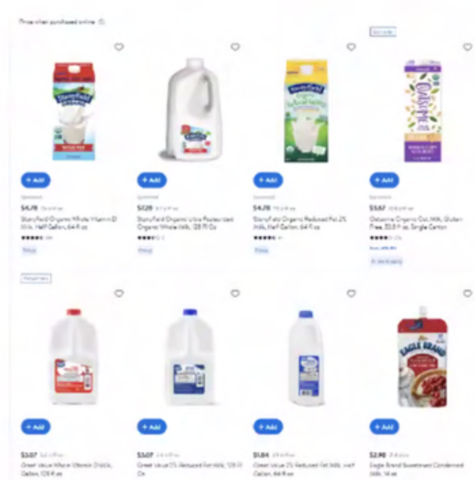
Source: Kantar

Note: Total CAGR percentages reflect channel growth for both online and brick-and-mortar retailer-owned assets. Online channel CAGR includes pure-play online retailers and distance selling.

In-stocks are critical to success online and offline, but especially online where competitor products might be the next best choice

In-Store: Shopper may move on to adjacent product

Online:
Shopper does NOT even see the product



We know that when your item is out of stock, the shopper does not see your product. You'll likely drop to page 2 or 3 on a PLP or SRP while you are out of stock, and it takes A LOT of work and time to get back to the top

KANTAR

Industry News

Five actionable insights

1 | The most recent macro trends suggest inflation has come down a notch but will remain pressing for shoppers' budgets throughout 2023. The persisting global supply shock points to a wide range of scenarios for energy and agriculture commodities.

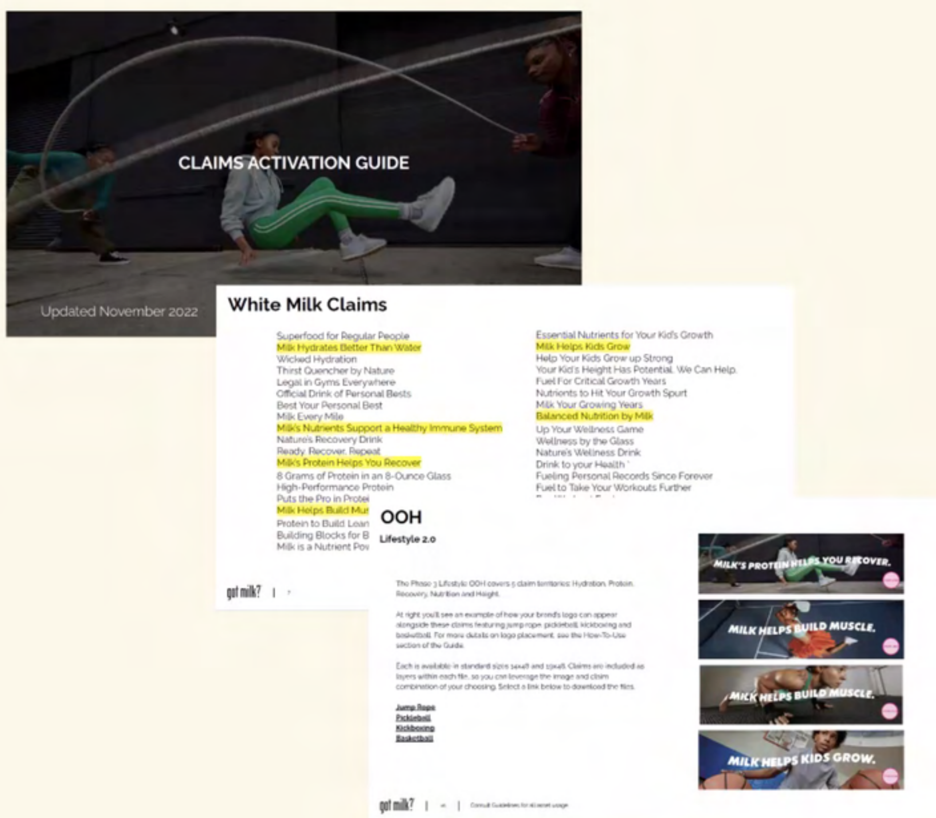
2 | Households with children are most vulnerable to price increases, a key shopper of milk products. As shoppers continue to home in on combining value with quality, continue to showcase dairy's fresh and nutritional value.

3 | Channel/brand shifting, and disciplined spending have become more frequent strategies for shoppers to deal with inflation. Shoppers shopping fewer retailers heightens the need to further improve service to your "best" retail customers.

4 | Retail remodels rather than new stores is the focus for retailers. Dairy manufacturers need to consider how they are helping retailers become more efficient and helping them build baskets with shoppers as growth comes less from new store openings.

5 | Planning for disruption will become a core skill. Looking ahead, suppliers and retailers must plan for volatility and nearly constant disruption for the foreseeable future.

KANTAR Source: Kantar 45



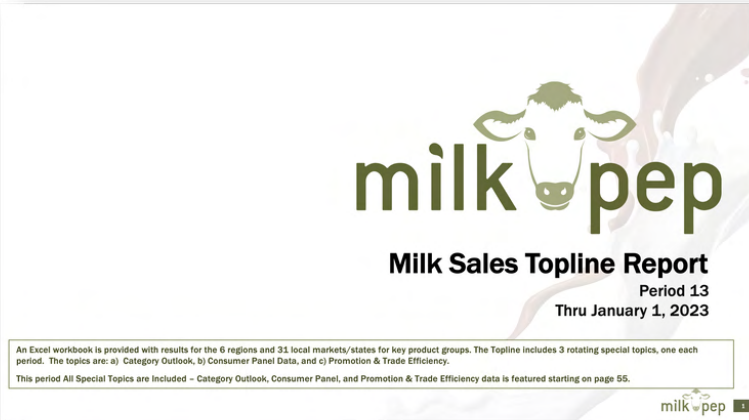
Leverage Claims Messaging

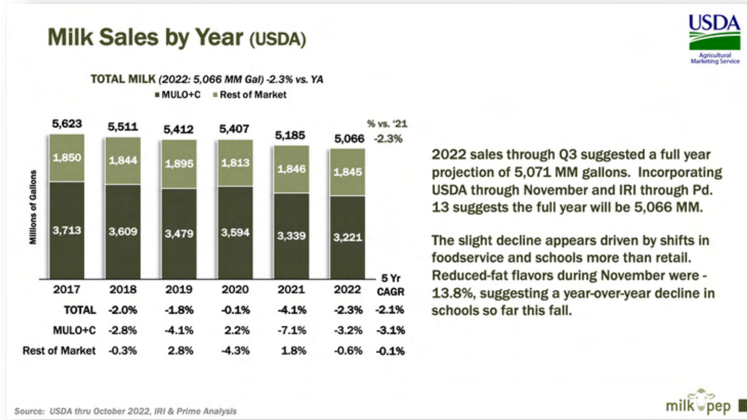
Download the latest Claims Activation Guide [here](#).

MilkPEP Sales Topline

Period 13 Thru January 1, 2023

If you would like to see the full report, click here.





Key Takeaways:

- Retail sales trends in Period 13 fell -6.0%. Softness driven by traditional white (-4.6mm/wk), offset by growth in Value-Added (+1.1mm/wk).
- Flavored volume was +5.4%, reflecting the return to pre-pandemic mobility and improvement in C-store flavored milk sales. Flavored Fat- Reduced was +46% with students back in school and the return of chocolate milk for their lunches.
- Organic milk volume was down -7.4%.
- With strong Nov. results and using YTD sales, USDA is projecting full year volume will be -4.2% or 5,177 mm.

To see Period 12 report, click here.

The Hiland Sales Home

Please be sure to share this very important tool chest with your sales teams!
We are constantly updating the Sales Home with new materials. Please check the New Updates tab to see what's new.

What's new this month?

New Updates

Date	File	Download
1/27/2023	2023 Promotions Catalog (PDF)	Download
1/6/2023	Hiland Yogurts Sales Sheet (PDF)	Download
12/27/2022	January 2023 Product Flyer (PDF)	Download
12/08/2022	2022 Corporate Brochure (PDF)	Download
12/08/2022	2022 Location Map (JPG)	Download

Materials Update

New Promo Items and Point-of-Sale Materials Available!

Contact **Greg Stephenson** to order.

Materials Update

Company Brochure Refresh

Please contact Greg Stephenson to order the new corporate brochure.

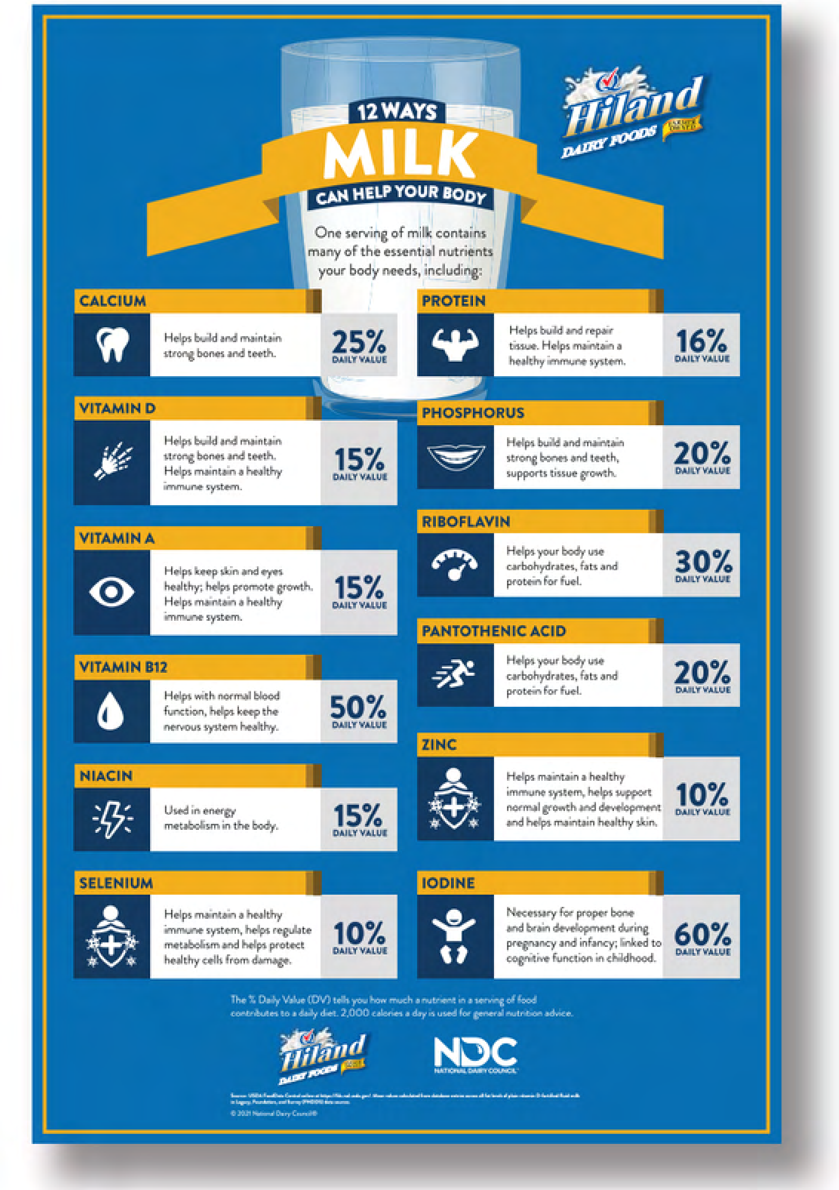
Elastitags

We have new elastitags for 2023. Please contact Greg Stephenson to order.

Sales Folders

These are in boxes of 250. Please contact Greg to order.

2022 Materials Update



Milk Posters

Interested in posters that show the 12 ways that milk can help your body? Please contact Greg Stephenson to order.

We Proudly Serve Stickers

We have produced these stickers to provide to retail stores (think ice cream or donut shops, etc) that say they proudly serve Hiland. Please let Greg know if you are interested in ordering.

Shelf Strips

These general Hiland-branded shelf strips are available to order from Greg.

We're Here to Help

Need Marketing Assistance?

Sponsorships/Race Ads • Print Ads/Materials • Grocer Partnerships and In-Store Materials • Research and Consumer Feedback • IRI • Local Marketing Initiatives • Design (from trailers to murals, you name it) • Public Relations • And more!

Please note new marketing roles and responsibilities:

Greg Stephenson, Community & Sales Specialist
gstephenson@hilanddairy.com

- Promo items, point-of-sale materials, event support, sales contests, calendar orders, fleet design.

Trudy Fugitt, Packaging & Marketing Specialist
tfugitt@hilanddairy.com

- Package design, coupons, hiring efforts, plant signage/flyers, communication boards, event creative.

Give us a shout!

Sarah Carey,
Marketing Manager
SCarey@hilanddairy.com
417-370-6451

Kathy Broniecki, APR
KathyB@envoyinc.com
402-558-0637 ext. 107

Kelly Bentley
KBentley@envoyinc.com
402-558-0637 ext. 129

We've added a Comments/Suggestions form to thehilandsaleshome.com. You can use this to submit product suggestions, marketing ideas, general feedback, etc.

Hiland Dairy Foods
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