

## Dairy Innovation—The Cold Case Is Getting Hot

From gourmet drinking chocolate, soft cheese snack bars, and flavored butters to muscle-building meal replacements and highly absorbable calcium milks based on nanotechnology, the world of dairy is alive with innovation.

Yogurt, for example, continues on its hot streak, with sales of \$4.6 billion (+7.5%) for the year ended 6/10/12; Greek-style now accounts for one-third of the market, reports SymphonyIRI. Three-quarters (75%) of consumers eat spoonable yogurt, and 52% order frozen yogurt at restaurants/shops, according to a 2011 Mintel report.

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*benefit may be positioned for marketplace success.*

Greek yogurt dips were the next-fastest-growing item after hummus in the explosive \$1.3 billion refrigerated dip category in 2011, per Nielsen. Frozen Greek yogurts and smoothies are flooding the market. International yogurt favorites such as *DAHlicious Lassi*, which carries a “made in Vermont” claim, are coming on strong. Watch for Bavarian, Russian, and Middle Eastern yogurt next.

Convenience and innovation in the dairy category now extend well beyond shredded cheeses. Creative dairy ingredients are helping to deliver restaurant-quality meals at home. Kraft’s *Philadelphia Cooking Crèmes* are designed to be mixed into pasta, baked potatoes, or

casseroles, for example, while Kraft’s new chocolate *Indulgence* line is positioned to be paired with fruit, cookies, or snacks.

Lucerne touts a chocolate whipping cream. Isola Imports Inc. offers all natural, handcrafted butters in sun-dried tomato and pesto flavors. Tricking Springs Creamery has a *Cocoa Metro Dark Drinking Chocolate*. Umpqua *Natural Sour Cream* is simply labeled; it contains just cream, milk, and enzymes. Cottage cheese from Traders Point Creamery is made with organic milk from grass-fed cows.

Natural string cheese was the fourth-biggest gainer in vol-

ume growth in the healthy snacks category in 2011, according to IRI data. While cheddar, mozzarella, and American are the cheeses most eaten in U.S. households, according to Mintel data, it’s the specialty cheeses that are getting attention. Natural is important to 56% of cheese consumers. Gourmet cheese remains the largest specialty food category, with 2011 sales up 11% over the past two years, according to the National Association for the Specialty Food Trade.

Cheese is turning up in new and creative product forms. Cheese curd bars are popular in Russia, and portable soft dessert cheeses and alcohol-flavored cheeses are other new cheese concepts, according to Innova

Market Insights. The U.S. Dept. of Agriculture’s Food and Agricultural Policy Research Institute projects per capita cheese consumption will rise from 33.3 lb/person in 2010 to 34.9 lb/person by 2020.

When it comes to selecting snacks for enjoyment, ice cream tops the list for 74%, according to IRI data. Italian dessert flavors (e.g., tiramisu and panna cotta), homemade/handmade claims, and varietal fruit flavors are notable emerging trends in the global ice cream market, according to Innova Market Insights. Half (47%) of consumers ordered a smoothie from a restaurant in the

past three months; 26% were from McDonald’s, according to Mintel.

The Milk Producers Education Program reports that breakfast at home, which is now a \$28 billion market, represents a new growth opportunity for retailers. With parfaits and yogurt among the fastest-growing breakfast menu items in restaurants in 2011, per Datassential, the future looks brighter still.

It appears that dairy products that deliver a functional benefit may be positioned for marketplace success. U.S. dairy functional food/drink sales topped \$2.1 billion in 2011 (+7%), according to *Nutrition Business Journal*.

The 2011 *Gallup Study on Nutrient Knowledge & Consumption* indicates that 54%

of consumers are making a strong effort to consume more calcium. Foods/drinks that are very high in calcium represent a fast-emerging global trend. In Brazil, Danone’s *Densia Morango* cup yogurt delivers 50% of the daily value for calcium and vitamin D. In Malaysia, Fonterra’s *Anlene Gold Milk Powder* contains nanocalcium for improved absorption. In the United States, *Stonyfield Organic Whole Milk with Omega-3* is described as beneficial “for heart, brain, and eye health.”

Global sales of probiotic foods and supplements are predicted by Euromonitor to climb from \$28 billion in 2011 to \$42 billion in 2016. But the big opportunity lies with protein. Recent studies indicate that when a moderate amount of protein (25–30 g) is consumed throughout the day, it helps to manage weight and build muscle/lean body mass, suggesting an opportunity for dairy products positioned to provide weight management and body toning benefits. Sales of milk and other dairy drinks with prebiotic fiber inclusions increased an impressive 112% globally between 2010 and 2011, according to Innova Market Insights. High-fiber milks, dairy-based beverages positioned to benefit joint health (i.e., with glucosamine added), and sports milks are other emerging dairy categories. **FT**



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