

Focus on Dairy-Based Snacks

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ROSEMONT, IL—Currently a \$90 billion eating occasion, snacking continues to grow. A new Innovation Center for U.S. Dairy white paper released at The 2010 IFT Annual Meeting & Food Expo explains how snacking is an attractive strategic focus area for dairy product innovation.

Drawing on 18 months of consumer and industry research, its findings provide a guide for dairy's incremental growth in this eating occasion. Today, dairy products account for just 13% of all between-meal snack choices for people 2 years and older, presenting a significant opportunity for the industry to grow its share of the snacking eating occasion.

"By re-imagining dairy products and ingredients in snacks, food manufacturers can take advantage of a significant business opportunity," said Lynn Stachura, senior vice president, strategic insights with Dairy Management Inc.™ "Snack-based innovations are seemingly unlimited, especially for those incorporating dairy products and ingredients that are versatile, wholesome, natural, nutritious and delicious."

Today, <u>practically everyone snacks</u>, with 87% of U.S. consumers reporting eating or drinking between meals. This translates into an astounding 850 million eating occasions annually, according to The NPD Group. Plus, as consumer lifestyles change, the lines between meals and <u>snacking</u> are starting to blur. Currently, 30% of consumers claim to eat mini meals throughout the day rather than three main meals, and another quarter desire to do so.

A key focus is nutritious snacking, which makes up half the snacking eating occasion and is supported by research indicating that health is an important consideration to consumers. Dairy's nutritious profile naturally aligns with consumer demand for healthy snacks.

To fully realize the occasion's potential, the white paper recommends the dairy industry develop products that go beyond what is available today. It also identifies five key segments that best align with dairy or dairy ingredient-based products and offer the greatest opportunity for incremental growth in the dairy industry:

- Morning Energy: a quick need for energy in the morning
- Tasty PM Meals: consumed with a meal, such as chips or cheese
- Substantial Crunch: more filling snacks, usually consumed after lunch to tide the consumer over
- Naturally Nutritious: eaten between breakfast and lunch, and often less processed
- Sweet Bites: tasty and often poppable to eat between meals while doing something else

"Dairy is underdeveloped in the snacking eating occasion despite its ability to provide food and beverage manufacturers with the tools to develop great tasting and healthy snacks that consumers demand," said Stachura. "Innovations in this area will not only grow dairy's share of the occasion but also fill a void for consumers as the market continues to grow."

To receive a copy of the white paper "Snacking: Identifying a World of Opportunities for Dairy," visit www.USDairy.com or e-mail InnovationCenter@USDairy.com.

Sources:

Innovation Center for U.S. Dairy: <u>Innovations for the Expanding Snacking Eating Occasion Present Dairy Industry Opportunity to Grow Volume</u>"

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