



White Paper: Dairy Industry Targets Lactose-intolerant Consumers

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The dairy industry has an opportunity to achieve 273 million gallons of incremental growth by targeting the lactose-intolerant consumer segment, according to a white paper produced by the Innovation Center for U.S. Dairy. Through analysis and insights gleaned from several studies, including a survey of 10,000 Americans, the white paper, titled "Lactose Intolerance: Opportunity to Grow Volume for Dairy through Dispelling Myths and Meeting Consumer Needs," provides the dairy industry with a roadmap to better understand and effectively reach consumers who avoid dairy due to real or perceived lactose intolerance, and ultimately to help bring them back to the category.

"Our extensive consumer research and analysis found that 81% of lactose-intolerant consumers would be willing to include dairy in their diets if they could do so while minimizing symptoms," said Jim Layne, vice president of strategic initiatives with Dairy Management Inc., Rosemont, Ill. "This shows that a solid opportunity exists to meet the health and enjoyment needs of this market segment with nutrient-rich dairy foods."

By expanding the availability and variety of lactose-free milk and milk products beyond in-home consumption and educating consumers that, in most cases, they can keep dairy in their diet one way or another while minimizing symptoms, the dairy industry can offer this market segment the taste and nutrition they crave in ways that meet their specific needs. These efforts will not only help increase demand for lactose-free milk, but also for other more easily digested dairy products such as natural cheeses, including Mozzarella or Cheddar cheese and yogurt.

"There is a solution to lactose intolerance that is not avoidance or restriction," Layne said. "Increasing consumption of dairy in the lactose intolerant consumer segment could help grow long-term loyalty, generation after generation, totaling 2.35 billion pounds of incremental growth."

To help jump-start the industry's efforts in achieving additional sales from lactose-intolerant consumers, the white paper revealed five distinct market segments of lactose-intolerant consumers, where there are the most significant growth opportunities for lactose-free milk and dairy.

- **Healthy, wealthy consumers** make up 20% of the lactose-intolerant segment. People in this group tend to be college-educated, employed and health-conscious. They are considered milk-friendly, but don't drink a lot — preferring 1% to whole milk — and only 44% consider milk to be a healthy choice. Reinforcing the benefits of dairy would be a strong approach for this group. Lactose-free milk and dairy recipes may appeal to them.
- **Family milk lovers** constitute 20% of the lactose-intolerant segment. Two-thirds female, and generally married, this group includes family milk consumption "gatekeepers." They associate milk with health, enjoyment and taste, and shy away from lactose-free due to cost and its different taste. Messages showing lactose-free

milk as a whole-family solution may resonate with this group.

- **Avoiders** represent 20% of lactose-intolerant consumers. More likely to suffer from gastrointestinal disorders, obesity and high cholesterol, this group is the least likely to have tried lactose-free foods. They are open to dairy solutions, and good-tasting lactose-free milk and milk products may succeed with these consumers.
- **Aware and Managing consumers** represent just 14% of the lactose-intolerant segment. As the oldest market segment, nearly one-fourth is retired. They are the most likely to have their lactose intolerance diagnosed by a physician and to drink lactose-free milk. Their awareness and symptom management allows them to enjoy dairy, but they also are experimenting with alternatives such as soy. There is room to increase loyalty with this group.

“Converting lactose-intolerant consumers into devoted dairy consumers is not simple, but by understanding their preferences and attitudes, and applying other insights, the industry will be better able to meet their needs, and further protect and promote dairy,” Layne said.

To receive a copy of the white paper “Lactose Intolerance: Opportunity to Grow Volume for Dairy through Dispelling Myths and Meeting Consumer Needs,” visit www.USDairy.com or InnovationCenter@USDairy.com.

Innovation Center for U.S. Dairy provides a forum for the dairy industry to work together pre-competitively to address barriers and opportunities to foster innovation and increase sales. The Innovation Center aligns the collective resources of the industry to offer consumers nutritious dairy products and ingredients, and promote the health of people, communities, the planet and the industry. The Board of Directors for the Innovation Center represents leaders of more than 30 key U.S. producer organizations, dairy cooperatives, processors, manufacturers and brands. The Innovation Center is staffed by Dairy Management Inc.

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