

## Drink Up, Baby Boomers

By Madlyn Daley

With competition from soft drinks, bottled water, coffee and tea, dairy needs a new way of thinking to recapture consumers' beverage preferences. New consumer research analysis from the Innovation Center for U.S. Dairy, Rosemont, Ill., suggests the industry can bring consumers back to milk by better tailoring products based on specific consumer needs. To do this, milk needs to compete in two ways – first, become the competition, and second, protect its share.

Dairy needs to focus on the 50-year-old-plus population segment because of the size and buying power of the Baby Boom generation. This group will account for more than one-third of the total population by 2015; it already controls 80% of personal financial assets and owns 50% of discretionary spending power. Plus, general wellness and the importance of healthy eating increase with age.

The Kantar Worldpanel Beverage Report, the foundation for the Innovation Center's analysis, tracks the beverage choices and decision drivers of more than 40,000 children, teens and adults to provide a better understanding of the current climate for milk. With this knowledge, the dairy industry is better able to address milk's challenges and opportunities by leveraging consumer insights.

The Kantar research identifies seven macro consumer needs that influence most beverage decisions: thirst, fun/treat, food accompaniment, nutrition, energy, low-calorie and relaxation. Milk excels in a couple

of so-called need-states: nutrition and parent-recommended, but these needs become less important once people reach their teens and as their beverage decision drivers change.

New consumer research based on the Kantar report shows that milk's offerings are out of sync with what the powerful group of 50-plus purchasers is looking for in a beverage: satisfying thirst, accompanying food and providing fun or a treat. (Currently, tap water and carbonated soft drinks dominate the food accompaniment state, and competition is fierce with carbonated soft drinks, coffee and tea for the fun/treat state.) Functional beverages also present a promising opportunity among this consumer segment.

Significant, smart product innovations that are not marketed as milk and meet the energy, fun/treat and functional needs of the 50-plus population are a way to make dairy drinks more relevant for this group. To be more competitive and to better meet these driving beverage need-states, milk must innovate as an ingredient. Consider:

- **Taste.** The fun/treat need-state accounts for 38% of beverage occasions, plus enjoyment is a key factor when consumers choose any beverage.
- **Thirst.** Milk as an ingredient has an opportunity to penetrate this need-state through lighter, refreshing beverage innovations.
- **Functionality.** Milk can grow in this need-state by leveraging functional claims that focus on heart health, digestive health, immunity and cancer prevention.

### Youngsters drink milk, too

In addition to focusing on need-states that drive boomer beverage consumption, the dairy industry should also remain vigilant in reinforcing milk's nutritional superiority. Competitors are challenging milk's nutritional position, with functional claims nearly quadrupling since 2006. Flavored waters, teas, juices and meal-replacement beverages are all active in this space. Heart health, immunity, energy and digestive health represent today's most important functional areas.

Nor should the importance of children as milk drinkers be forgotten. There is an opportunity to grow the frequency of milk consumption with this group by focusing on breakfast and dinner. These meal occasions often occur among a large group of individuals, so growing frequency by a small amount will reap large incremental growth.

Through bringing Baby Boomers back to milk and meeting consumer need-states, milk will remain a competitive beverage choice. As consumers continue to look for fun/treat state beverages and as health concerns remain a consistent thought, milk has the opportunity to capture consumers' needs. By using milk as an ingredient in beverages that fit these consumer needs, dairy can grow consumption by leveraging beverage drivers that it normally does not meet on a stand-alone basis. ■

*Madlyn Daley is the senior vice president, strategic insights, dairy, at the Innovation Center for U.S. Dairy, Rosemont, Ill.*