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'Conservatism' identified as top shopper attitude

CHICAGO — "Conservatism" has become the pervasive shopper attitude during the ongoing economic downturn, with 42% of consumers bringing food from home to school or work in an effort to save money and more than two-thirds of shoppers entering stores with readymade lists, according to a new report from SymphonyIRI Group, the Chicagobased market research firm.

The report, "The downturn shopper: Buckled in for a wild and crazy ride," found shoppers are continuing and extending their frugal practices, significantly impacting when, where and

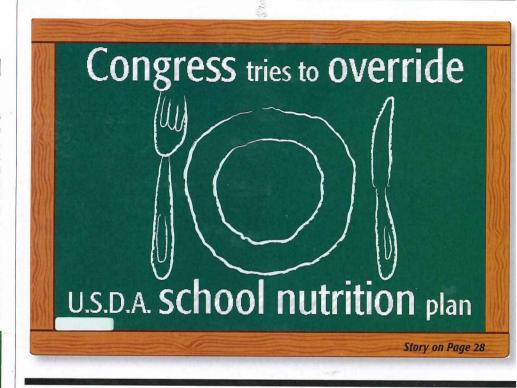
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Foods suffers \$1.5 impairment charge

— A goodwill impairment related to the Dean Foods esh Dairy Direct business company to record a loss 0,497,000 during the third of fiscal 2011, ended Sept. 30. npared with net income of 00, equal to 13c per share on non stock, in the same period o. On an adjusted basis, Dean rened \$33,252,000, or 18c per Continued on Page 43



Meat prices are on the rise

2012 per capita meat and poultry consumption expected to decline to lowest level since 1990

Beef, pork and turkey prices are up sharply in the fourth quarter and for the year compared with yearago values, resulting in part from record high retail pork and choice beef prices in September, with firm prices forecast to continue into 2012 due mainly to

strong demand, especially on the export front, and reduced supplies of red meat, according to the latest U.S. Department of Agriculture data.

Meanwhile, total per capita red meat and poultry consumption is expected to decline to the lowest level since 1990, largely due to reduced domestic supplies, again largely the result of surging exports. Consumption of red meat and poultry in the United States in 2012 is now estimated to be 199.7 lbs per person, down 9 lbs from the 208.7 lbs recorded in 2010 and the lowest level since 1990, when it was 199 lbs, according to the latest U.S.D.A. World Agricultural Supply and Demand Estimates, which was published Nov. 9.

Beef is projected to take the biggest hit, with per capita consumption dropping from

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Functional ingredient applications

dvances in dairy ingredient research combined with the emergence of milk fractionation technologies has yielded additional insight into the role dairy ingredients and ingredient components may play in health and wellness as well as food product development. The term functional ingredient has two distinct meanings. First. there is the group of ingredients that help produce functional foods — those foods that offer a specific nutritional function to the consumer. Secondly, there are those ingredients that perform a specific function in food science, and help the food maker achieve certain attributes in their products. Some dairy-based ingredients have the capability to do both.

Functional dairy ingredients make up a fast-growing, innovative arena in the food business. Phillip Tong, director of the Cal Poly Dairy Products Technology Center at the California Polytechnic State University, San Luis Obispo, has a front row seat for

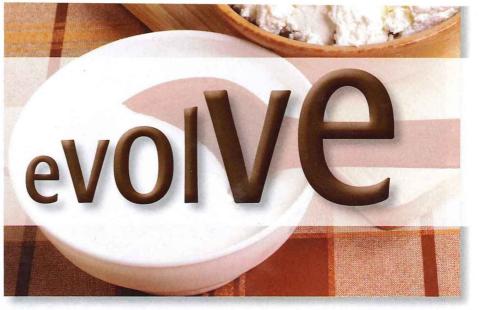
New insights have extended the roles dairy ingredients may play in product development

functional ingredient innovation through his work organizing the center's Dairy Ingredients Symposium. One of the most promising developments involves milk fat globules. The globules feature phospholipids, which are a component of cell membranes and, in the case of milk, the milk fraction derivatives are made up of extremely bioactive components.

"This area of research has been going on for some time," Dr. Tong said. "And one of the things that we have started to see is that milk fat globule membranes may play some role in allowing beneficial bacteria to remain in your digestive tract longer."

There is also evidence that milk fat globule membranes may have anti-cancer and anti-viral properties, he said.

Dr. Tong's assertions are echoed by Arla Foods, Viby, Denmark. Arla promotes possible enhancements to brain development and digestive health improvements from the consumption of an



ingredient it makes using milk fat globule membranes (M.F.G.M.).

The phospholipids that are the main building blocks of M.F.G.M. have similar profiles in both bovine and human milk. The M.F.G.M. proteins associated with the phospholipid membrane have documented anti-pathogenic effects and are known to stimulate intestinal maturation, according to the company.

Functional sour cream

In order to help manufacturers achieve consistent emulsification of all types of sour cream, TIC Gums has added Dairyblend SC-ASC to its ingredient portfolio. It is a blend of hydrocolloids that combine emulsifiers and traditional thickeners.

The new product earned an Innovation Award from the International Dairy Foods Association this past September. The award was presented during the I.D.F.A.'s International Dairy Show, which was held in Atlanta.

"This is all hydrocolloids, and it still emulsifies," said Donna Klockeman, a dairy foods scientist at TIC Gums, White Marsh, Md. "Traditionally, this type of product contains monoglycerides and diglycerides and lecithin. Consumers are looking for more naturally-sourced ingredients that have less chemical-sounding names."

In addition to simple label benefits, the new thickener offers more versatility, Ms. Klockeman said, with applications for Latin-style crema, traditional table sour cream, and sour cream bases destined to become part of a salad dressing or a dip.

Whey protein has been recognized in recent years as a component of a healthy diet. Companies that offer whey ingredients to food manufacturers continue to invent new forms and formulas to land whey on the ingredient list of a broader range of products. One form of whey protein that has received some attention lately is called procream.

"Procream is a co-product of whey protein isolate," said Kimberlee (K.J.) Burrington, dairy ingredient applications coordinator for the Wisconsin Center for Dairy Research

at the University of Wisconsin, Madison. "When combined with delactosed permeate it can find a better home in the food world. It has great applications in caramels, in ice cream and in soups."

Procream is developed when ingredient companies filter for whey protein isolate. A denaturing of some protein components occurs and those proteins "go with the fat," Ms. Burrington said.

The process produces a dairy fat ingredient that may be used in place of vegetable oils while contributing a protein component to the end product. Applications have been developed for ice cream, where it provides phospholipids that serve as an emulsifier, similar to egg yolk. In caramels, procream adds a dairy fat and may help with browning, and in baking it may serve as an egg substitute.

Clearly nutritious ingredients

Another product helping to bring whey to the masses is a whey protein isolate from Grande Custom Ingredients Group, Lomira, Wis. Grande Ultra WPI provides a dose of beneficial protein for consumers and it allows beverage formulators a one-two punch of clarity and flavor profile.

"It has a very, very low lactose and fat level," said Jeff Banes, applied technology manager at Grande. "This is really what allows it to be extremely clean in solution and bland in flavor."

Grande also recently introduced a powdered yogurt coating that has applications in numerous food categories, and potential for even more.

"The way we process this product allows for a more authentic yogurt flavor," said Steve Dott, director of sales and marketing.

Grande also offers a patented product called WPCrisp, a crisp ingredient made from whey protein that is intended for nutrition bars and other extruded, baked and crunchy applications. A cocoa flavored version of WPCrisp was recently added to the product line. DIN

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