

CHEESE MARKET NEWS[®]

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Industry looks to innovative health and wellness benefits

By Rena Archwamety

MADISON, Wis. — Consumers today may be interested in basic functional and health benefits of foods, but emerging trends point to more complex demands, according to the Innovation Center for U.S. Dairy.

“Dairy categories must move beyond meeting the most basic consumer needs to consider more aspirational or complex dimensions,” says Alan Reed, executive vice president, strategy, insights and planning for the Innovation Center for U.S. Dairy.

These new demands from consumers were discussed at the Future of Dairy Forum that the Innovation Center hosted last month. The forum examined a detailed report on what consumers will want by 2020 and how the dairy industry can capitalize on emerging trends and driving forces to provide consumer-relevant offerings.

The Innovation Center’s Future of Dairy report hones in on a number of future consumer demographics. Eight years from now, the report says, 33 percent of the population will be over the age of 55, 75 percent of the population will be overweight and chronic conditions will affect almost 60 percent of the population.

The report examines where trends and needs converge and identifies 20 “white space areas” where the U.S. dairy industry has significant opportunities to innovate. Some of these areas include re-inventing and re-positioning fluid milk to meet emerging needs of consumers, making dairy the go-to food or beverage for those who want more physical and mental energy, making people aware of all the health benefits of dairy, and linking dairy to disease prevention and healthy aging.

“We are seeing consumer trends in health and wellness in the areas of healthy aging, healthy muscles/bones, weight management, hunger

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management or 'energy throughout the day,' sports/energy enhancements and stress relief," notes Geri Berdak, senior vice president, health and wellness, Innovation Center for U.S. Dairy.

• **Health and wellness**

According to information obtained through partnership with NMI (National Marketing Inc.), a little more than 50 percent of the population is interested in health and wellness, with about 18 percent (fluctuating slightly year-to-year) being very interested, Berdak says.

"These health and wellness-concerned consumers do tend to consume dairy," she says. "Specifically, they are milk users, yogurt and drinkable yogurt users and organic milk users."

Berdak says major health and wellness concerns include weight, living longer and doing it healthfully, and chronic disease such as heart disease.

Within wellness needs, Reed says consumers are seeking wholesome beverages that enhance their mind and body. Therefore, products that support the development of the mind, can enhance performance, relieve stress or support healthy weight management will fill this need.

Reed says within the dairy industry, some products that already have successfully leveraged the health and wellness markets include Skinny Cow ice cream and candy snacks for weight management, and Activia yogurt for prevention. Some products outside the dairy industry that have appealed to more aspirational health benefits include Crystal Light with skin essentials and MindEssential beverages, which claim to naturally boost confidence.

"Dairy products can capitalize on this success by continuing to move to

more aspirational rather than rational benefits," Reed says. "As we look to 2020, products will be moving toward treatment, functional, cosmetic and holistic benefits. Think options that help lower cholesterol, promote healthy looking skin and even boost confidence vs. the wholesome, weight management and prevention claims we see on products today."

Yogurt and frozen products are further along in this respect, Reed notes, and fluid dairy and dairy beverages can look to springboard from innovations in these two categories.

Linking the benefits of dairy consumption to areas such as healthy aging and weight management, focusing on specific concerns (such as digestive health) and needs (such as protein and satiety) will be valuable in addressing consumer health demands, Berdak says. She adds that stress reduction also is a growing area of opportunity.

"Relaxation drinks are projected to grow more than 300 percent between 2008 and 2014 as stressed consumers look for ways to simplify their lifestyle and focus on healthy diets to reduce stress," she says, pointing to a February 2012 report from Small Cap Network. "We expect to see more products that promote sleep (tea with milk), mood (aromatherapy) and help reduce stress."

Breakfast is another area where new dairy products can appeal to consumers interested in health and wellness. The breakfast occasion is large and projected to grow, Reed says, adding that the Innovation Center is planning an upcoming research report that will show how this part of the day is an important strategic innovation focus for the dairy industry.

Reed notes dairy beverages geared toward the health and wellness sector play particularly well with consumers during the breakfast eating occasion.

"Developing more healthy, tasty and portable/convenient products that are targeted toward morning eating occasions, including dairy beverages, will help dairy grab its fair share of breakfast," he says.

• **Boosting dairy beverages**

According to USDA statistics, fluid milk consumption has shown a steady decline since at least 1975. The dairy industry is hoping new innovations to meet evolving consumer needs will help slow and reverse this trend.

Berdak notes that yogurt and cheese consumption are going in a positive direction, so people aren't "leaving" dairy, they're just looking for new ways to get dairy's unique nutrient package.

"New innovations in the fluid milk category will help make good nutrition more accessible to everyone in the packages and places that they want," Berdak says. "Some innovations have already come to market for lactose-free milk and milk products, value-added milks and lower-sugar flavored milks for schools."

The U.S. Dairy Export Council (USDEC) notes that many dairy-based drinks fit into multiple consumer lifestyles, providing benefits for sports recovery, weight management and maintaining muscle mass.

"With beverages you want to make your calories count, and dairy ingredients provide functional benefits," says Mary Wilcox, vice president, trade services, USDEC.

Wilcox points out that many companies are adding nutritional ingredients to dairy-based beverages, and non-dairy beverages also are being enhanced with dairy ingredients.

"Since many dairy beverages already have a positive nutritional profile, they are optimal as a delivery system for other ingredients — such as probiotics, prebiotics, omega-3s, conjugated linoleic acid (CLA),

phytosis, vitamins and antioxidants — which is a great fit for health-conscious consumers," Wilcox says.

Whey ingredient companies have developed and are developing new whey protein ingredients with improved functionality for beverage applications. The Dairy Research Institute, supported by the dairy checkoff, also is conducting dairy ingredient research focused on the development of more heat-stable dairy ingredients and improved functionality in beverage applications.

Reed says looking beyond milk as milk to viewing it as an ingredient or part of a pairing that can help enhance flavor in surprising ways is another possible innovation path in the health and wellness area.

"This approach helps layer benefits so consumers don't have to compromise," he says. "The goal would be to develop options that provide dairy's nutrient package while also offering the flavors, textures and other benefits of another beverage."

Berdak says there has been a cultural shift, where consumers increasingly are interested in real, fresh and natural foods.

"They inextricably link these attributes to health and wellness, and many dairy products play very well in this space," she says.

"Dairy's health and wellness benefits are absolutely vital to the industry's future, and innovating delicious product solutions that provide dairy's unique nutrient attributes in a way that addresses consumer needs will help continue to push the industry forward and help grow consumption," she says. **CMN**