

MSU Product Center

For Agriculture and Natural Resources

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

[Use of this material is subject to caution.](#)

Dairy - Butter - Selective opportunities

Market drivers that provide selective opportunities

- Butter products that appeal to the market drivers of **convenience** and **indulgence** have **selective** opportunities.

Specific opportunities

- There is a market for a truly spreadable butter product. Butter has traditionally been at a disadvantage compared to margarine with respect to this attribute.
- Products that have a full and rich flavor may present opportunities.
- Butter products that are flavored (e.g. garlic or honey butter) could appeal to both indulgence and convenience.

New Product examples

- Land O' Lakes spreadable butter product with canola oil. Challenge Dairy Products offers a similar product.
- Muirhead Rutabaga Butter naturally sweetened with apples to enhance taste sold in gourmet stores.
- American Almond Marzipan and Roasted Almond Butter sold in gourmet stores.

Special issues

- Competition from margarine, especially when competing based on convenience.
- The butter market is not concentrated. Land O'Lakes accounts for 30 percent of all butter sales. No other single firm has a market share of more than 5 percent, and private label sales account for 46 percent of all sales. Nonetheless, obtaining space in the dairy case may be difficult.
- Butter tends not to be an impulse purchase. Price is an important consideration for many, but not all consumers.
- Joint ventures with cooperatives or other firms in the industry may provide additional opportunities.
- Federal Milk Marketing Orders make price competition difficult.
- Finding retail space in supermarkets may be difficult. However, there may be opportunities in selling to gourmet stores.

Key to success

- Consider the ability to offer products that appeal to more than one demand driver. Your ability to compete with larger firms who are well established and are the low cost producers.

Sources

Mintel. Butter and Margarine

_____. Global New Products Database.