

MSU Product Center

For Agriculture and Natural Resources

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Dairy - Cream – Many opportunities

Market drivers that provide many opportunities

- Cream products that appeal to the demand driver of **indulgence** have **many** opportunities.

Specific opportunities

- Coffee consumption has become more cream intensive as more and more consumers experiment with different types of coffee drinks such as mochas, and lattes. These specialty coffees are dependent on cream.
- Coffee drinks are becoming an indulgence purchase as opposed to a staple consumable.
- Products that provide a coffee house experience at home have opportunities.
- Coffee shops and other food service establishments are major users of cream. They also tend to be price conscious.

New product examples

- From 1998 through 2003, there were only 79 new product introductions in the cream industry. Many of these introductions were non-dairy creamers.
- Horizon Organic Dairy Organic Half & Half Ultra-Pasteurized Milk.
- Garelick Farms Half & Half in Vanilla and Hazelnut.

Special issues

- The cream market is not very concentrated, private label sales account for more than 50 percent of all retail sales.
- The cream and creamer market is a mature industry; obtaining space in the dairy case may be difficult.
- Real dairy cream competes head to head with non dairy creamers.
- Federal Milk Marketing Orders make price competition difficult. In order to be the low cost producer other costs will have to be minimized.

Key to success

- Consider the level of competition, and how competitors may react to you. Is the product truly unique and able to deliver a high quality experience to the consumer?

Sources

Mintel. Cream and Creamer.

_____. Global New Products Database.