

MSU Product Center

For Agriculture and Natural Resources

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Dairy - Ice Cream – Many opportunities

Market drivers that provide many opportunities

- Ice cream products that appeal to the demand drivers of **ethnicity** and **indulgence** have **many** opportunities.

Specific opportunities

- Indulgence is a major demand driver in the ice cream market. According to one study more than 51 percent of the volume of ice cream sold is premium ice cream and 3.5 percent is super premium.
- Ice cream bars and other ice cream snacks are increasingly being targeted towards adults.
- Smaller or single serve containers can be used to appeal to both indulgence and convenience.
- New flavors such as green tea and ginger can be used to appeal to both indulgence and ethnicity.
- There does not appear to be strong ethnic differences in the consumption of ice cream. Flavors that appeal to Asians and Hispanics could expand this market. Some ethnic groups have a disproportionate number of children who tend to be large consumers of ice cream.

New product examples

- From 2001 through the first quarter of 2003, there were 715 new ice cream products introduced in the U.S. The most common new products claims were reduced or no fat, and all natural.
- Dean Foods Tampico Strawberry Banana flavored ice cream.
- Nestle Ice Cream Strawberry Shortcake flavored ice cream bar.
- Wegmans Peak of Perfection Black Cherry flavored ice cream. The product is gluten free.

Special issues

- Entry into the market may be difficult. There are some very large firms in the industry. The three largest firms control 40 percent of the retail market. Joint ventures may be necessary.
- Space in the dairy case is limited which also makes entry into the market more difficult.
- Alternative market channels may be needed. Indulgence products could be marketed through gourmet stores and ethnic products through specialty stores that cater to specific ethnic groups.
- Federal Milk Marketing Orders make price competition difficult. In order to be the low cost producer other costs will have to be minimized.
- One way to improve the product is to bundle attributes of the product that appeal to more than one demand driver.

Key to success

- Consider the level of competition, and how competitors may react to you. Consider other distribution outlets such as gourmet food stores.

Sources

Mintel. Ice Cream.

_____. Global New Products Database.