

MSU Product Center

For Agriculture and Natural Resources

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Dairy- Ice Cream – Selective opportunities

Market drives that provide selective opportunities

- Ice cream products that appeal to the demand drivers of **convenience**, **value** and **wellness** have **selective** opportunities.

Specific opportunities

- Enhanced use of single service packaging could be used to appeal to convenience.
- Alternative distribution channels such as convenience stores could also be used to appeal to convenience.
- Value plays a role in ice cream purchases. One study showed that almost one third of consumers always buy ice cream brand that is on sale. A large firm willing to take advantage of economies of scale may find opportunities with respect to value.
- Despite the fact that ice cream is not generally considered a health food lowfat and no or reduced sugar products continue to be introduced.
- Fortified ice cream products with added vitamins and calcium that appeal to wellness could also find a market.

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.
- Good Humor-Breyers CalSmart Ice Cream less sugar and fat than regular ice cream. Available in 4 oz. cups.
- Trauth Dairy, Denali Moose Tracks Sundae Cones, available in a 6 count container, and retails in the Midwest and Southeast.
- SuperValu, Cub Foods Chocolate Chip Cookie Dough Ice Cream available only at Cub Foods stores.

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.
- New distribution channels may be a way to provide products that appeal to convenience. Space in the dairy case is limited which also makes entry into the market more difficult.
- 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. Ensure that you are the low cost producer if you desire to develop products that appeal to value.

Sources

Mintel. Ice Cream.

_____. Global New Products Database.