

## MSU Product Center

*For Agriculture and Natural Resources*

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

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### Dairy - Fluid Milk – Many opportunities

#### Market drivers that provide many opportunities

- Fluid milk products that appeal to the market drivers of **ethnicity**, **indulgence** and **wellness** have a **many** opportunities for new product and market innovation.

#### Specific opportunities

- One way to appeal to ethnicity is to provide milk in various flavors beyond chocolate and strawberry. Another way to appeal to this demand driver is to expand the number of fluid milk products that are lactose free. Intolerance to lactose is far more common among Asians and African Americans than it is among white Americans. Targeting lactose free products to these groups presents an opportunity.
- One way to appeal to the demand driver of indulgence is to also increase the scope of flavored milk products. Flavored milk products now account for almost 10 percent of total retail sales and are estimated to increase another 24 percent between 2002 and 2007. Naturally flavored milk products, such as fruit flavored milk, that are low in fat or sugar is one way to appeal to both the demand drivers of indulgence and wellness. One way milk can compete directly with soft drinks is to offer carbonated milk products that appeal to children.
- Milk is well established as a healthy food product. It is also a product that has traditionally been fortified with vitamins and minerals. Milk could be fortified with additional vitamins and minerals to meet the health needs of specific groups such as women and older consumers. Another way to address the demand driver of wellness is through the use of prebiotic and probiotic milk products. Prebiotic products are supposed to aid in the health of the gastrointestinal tract and probiotic products are said to strengthen the immune system. Organic milk and milk free of rbST also primarily address the wellness concerns of selected consumers.

#### New product examples

- From 1998 through 2002, there were 371 product introductions in the fluid milk industry, and there has been an upward trend in new introductions.
- Bravo! Foods Slammers 3 Musketeers – Lowfat chocolate milk, flavored like a 3 Musketeers candy bar. Features Splenda-brand sweetener.
- Promised Land Homogenized Milk – contains no artificial hormones, comes in whole, fat free, and 2% varieties.
- Shamrock Farms Mmmilkshake – Single serve vanilla flavored milk product, fortified with 11 vitamins, said to have 20% more vitamins than regular milk.
- Upstate Farms Cooperative Buffalo Bills Milk – Retails in Western New York, sweetened with Splenda, available in chocolate and vanilla, cobranded with the football team.

#### Special issues

- Entry into the market may be difficult. There are some very large firms in the industry. Joint ventures may be necessary.
- Federal Milk Marketing Orders make price competition difficult.
- Finding shelf space in supermarkets may be difficult; however, there may be opportunities in convenience stores and vending machines.

#### Key to success

- Consider the level of competition, and how competitors may react to you.

#### Sources

Mintel. Milk.

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