

MSU Product Center

For Agriculture and Natural Resources

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Soy Milk – Selective opportunities

Market drivers that provide selective opportunities

- There are **selective** opportunities for soybean based food products that appeal to the demand drivers of **convenience** and **value**.

Specific opportunities

- Soy milk is a growing industry. Nationwide soy milk sales are in excess of \$700 million. The Organic Trade Association believes that soy milk sales will increase by 61 percent per year between 2003 and 2005. Soy milk also sells at a premium compared to dairy milk.
- Soy milk has a major advantage over dairy milk in that it can be a self stable product. This enhances the convenience of the product for both the consumer and the retailer.
- Another way to enhance convenience is by offering the product in single serve containers. This in turn, could be used to expand sells to convenience stores and vending machines.
- In order to appeal to the demand driver of value a firm must be the low cost producer. The soy milk industry is maturing rapidly and there are some major agri-food firms already in the industry. Nonetheless, the retail price of soy milk is roughly twice that of dairy milk. There may be an opportunity to offer the product at a lower price and thereby increase market share and market penetration.

New product examples

- From 2000 through May of 2005, there were 33 new soy milk product introductions in the U.S.
- Trader Joe's Enriched Organic Soy Milk, is available in a shelf stable carton.
- White Wave Silk Soymilk, is available in an 11 oz. bottle, available in vanilla and chocolate flavors.

Special issues

- Compared to many markets there is opportunity for entry, although established firms are increasingly interested in soy milk. There may be opportunities selling the product through convenience stores and vending machines.
- Controlling costs are important if a firm is going to compete on the basis of value.

Key to success

- Consider whether or not it would be possible to combine products attributes, especially linking product attributes to wellness, linking convenience to wellness and offering additional flavors could provide opportunities. Be sure to be the low cost provider if interested in developing products that appeal to value.

Sources

Mintel. Milk.

_____. Soy-Based Food and Drink.

_____. Global New Products Database.