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DAIRY TREND REPORT 2024

Unlocking Tomorrow: Navigating The Future of Dairy Industry Transformation

New market trends and foresight from IFF and GlobalData

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NEW SOCIETAL AND MARKET TRENDS

In late 2023, IFF initiated a significant global endeavor with the objective of providing our customers with novel insights. This project was centered around the exploration of societal, consumer, and market trends that are currently shaping the dairy and dairy alternative sectors.

Our approach incorporated the use of our Panoptic Framework, an in-house trend and foresight intelligence tool developed by IFF, which allowed us to harness valuable insights. In addition, we collaborated with one of our external partners, GlobalData, to leverage their extensive knowledge and capabilities.

A key component of this collaboration involved GlobalData's quarterly consumer surveys. These surveys, which investigate and monitor a variety of topics, encompass approximately 21,000 consumers across 42 countries, thereby providing a comprehensive, global perspective.

This report highlights five key trends driving dairy and dairy alternative product innovation which will be crucial across the entire category in 2024 and beyond:

FIVE KEY TRENDS

1. BETTER-BEING
2. SIMPLE FRUGALITY
3. NEO-HEDONISM
4. AI/HUMAN
5. RESPONSIBLE LIVING

In addition, it offers insight into specific dairy subcategories for 2024:

- DAIRY BEVERAGES
- DESSERTS
- ICE CREAM
- YOGURT & FERMENTED PRODUCTS
- CHEESE & PLANT-BASED ALTERNATIVES
- PLANT-BASED DRINKS, YOGURT & ICE CREAM

EXPLORING TRENDS THROUGH THE PANOPTIC FRAMEWORK

The Panoptic Framework studies and identifies the most impactful shifts and dynamics shaping the short-, mid- and long-term future of our industry. It taps into our company-wide expertise in trends, consumers and markets, generating intelligence and insights to inspire and drive future-proof creation and innovation for growth. By detecting early signals and through a shared understanding of the most influential people-centric trends impacting the world today and tomorrow, it enables us to innovate and make strategic decisions confidently and creatively in the decade of emerging challenges and opportunities that lie ahead.

GLOBALDATA METHODOLOGY

The GlobalData consumer survey was designed by its in-house consumer insights analyst team. Respondents were recruited in partnership with trusted third-party panel providers. The sample of 21,000 respondents comprised 500 consumers per country from 42 countries across Western Europe, Eastern Europe, North America, Central and South America, Asia-Pacific, the Middle East, and Africa. Respondents were aged 16 or above, were nationally representative of age and gender as far as possible and completed the online survey themselves. For predominantly English-speaking countries, the survey language was English, and the survey was translated into local languages where relevant.

DAIRY IN 2024: KEY MARKET AND SENSORIAL TRENDS

TREND #1

BETTER-BEING

Health and wellness has been the most influential megatrend across the whole food and beverage space since the pandemic, and in 2024 it will continue to dominate in the dairy sector.[1] Consumers feel more responsible for their own wellbeing and increasingly want products that can help them take a holistic, positive and proactive approach to their health. This can mean reduced sugar, fat and calories, but also functional benefits in traditional areas such as gut health and immunity, and in emerging areas, including sleep and mental wellbeing.[2]

GlobalData's research found that 6 in 10 respondents were "always" or "often" influenced by health labelling in their product choices. A quarter of the Millennials surveyed viewed functional dairy as good value for money—which is also a key consumer trend (see #2 Simple Frugality).

CLEAR COMMUNICATIONS

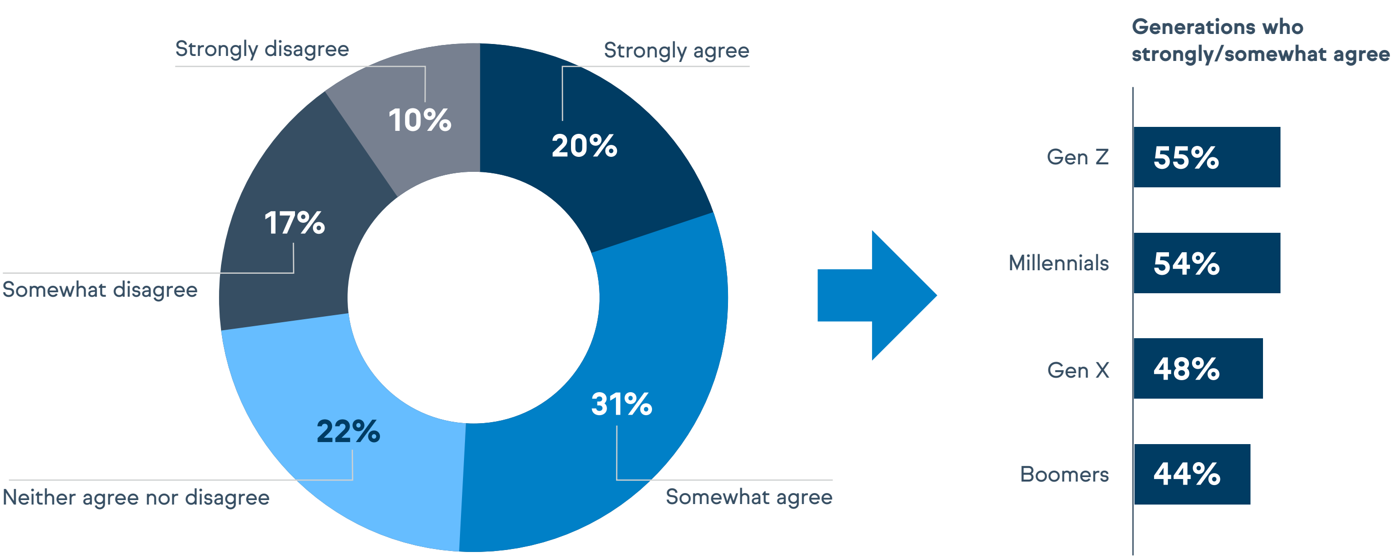
In 2023, the top discussions on social media in the dairy industry centered around more tailored health and wellness features. "Diet nutrition", "nutrient", "supplements", "gluten-free diet" and "fitness" were all popular concepts, reflecting a growing awareness of more specific health needs.

Global: Top influencer concepts in dairy and dairy alternatives on Twitter and Reddit, January to December 2023[3]

1 GlobalData 2021 Q1 global consumer survey; GlobalData 2022 Q1 global consumer survey; GlobalData 2022 Q2 global consumer survey; GlobalData 2022 Q3 global consumer survey; Global Data 2022 Q4 global consumer survey; GlobalData 2023 Q1 global consumer survey.
2 Panoptic Short Term View, February 2024.
3 GlobalData social media analytics.

However, a majority of consumers feel overwhelmed by the sheer volume of health and wellness information available. For younger people—the most frequent users of social media—this can be particularly confusing. Knowing what food and drinks are healthy for their children was also a concern for 52% of parents globally.[4] It's therefore crucial for dairy brands to provide more transparent health labelling and highlighting specific health benefits, especially when delivering functional formulations with science-backed ingredients.

Knowing what food and drinks are healthy for me to consume is confusing



160+

new innovative shelf-stable dairy and dairy alternative products were launched in 2023[5]

[4] GlobalData 2023 Q1 global consumer survey.
[5] GlobalData Product Launch Analytics (PLA).

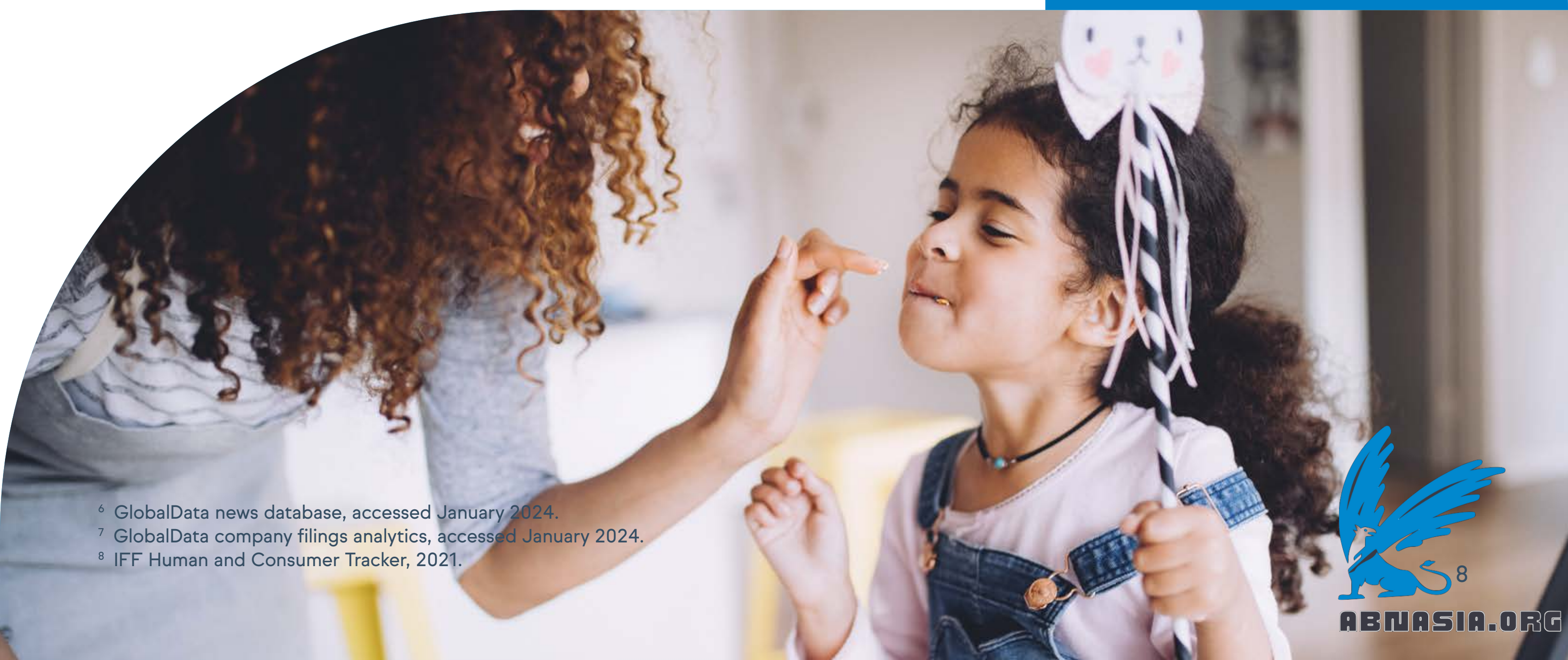
GETTING INTO SPECIFICS

Dairy brands are using specific ingredients and production processes to create products with more targeted effects.

For example, a yogurt drink launched in Japan in 2023, features claims for immune function support via lactic acid bacteria plasma, and for improved sleep quality via gamma-aminobutyric acid. Similarly, a new low-fat dairy milk in Australia market, includes plant sterols for a cholesterol-lowering benefit, alongside the more typical claims for high calcium and protein.[5] For other brands, partnerships and acquisitions are proving beneficial.

19,496
mentions of health and wellness in dairy company filings in 2023[7]

94%
of consumers now act to improve their wellbeing[8]



[6] GlobalData news database, accessed January 2024.
[7] GlobalData company filings analytics, accessed January 2024.
[8] IFF Human and Consumer Tracker, 2021.

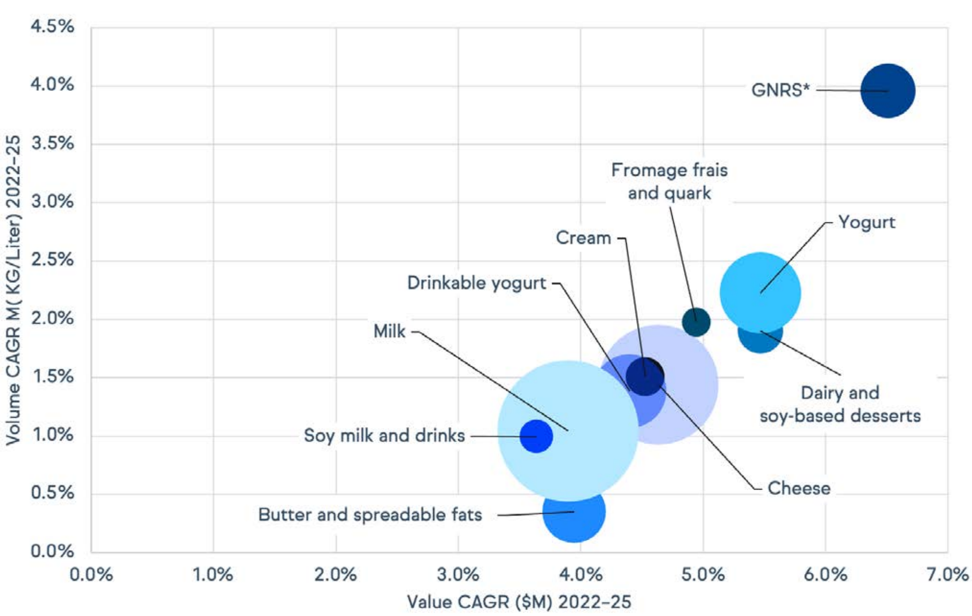
TREND #2

SIMPLE FRUGALITY

Dairy has been one of the categories worst hit by inflation, with value CAGR outstripping volume CAGR.[9] This is more pronounced in sub-categories such as milk, butter and spreadable fats.[9] Geopolitical instability and adverse weather patterns could continue to drive volatile pricing in 2024.[9] Reflecting this, affordability has been the second most important consumer trend since the start of 2022,[1] with the gap between low price and high quality shrinking as determinants of good value for money.[10]

Six in ten consumers reported spending their money more carefully in the past 12 months,[8] and frugality is now embraced with a sense of achievement.[11] However, the majority of consumers are currently unwilling to sacrifice quality in the face of high prices, with 63% starting, continuing, or more frequently buying luxury or expensive dairy brands in Q4 2023. Furthermore, 52% of global consumers prefer to pay more for dairy to ensure quality is not compromised.[12]

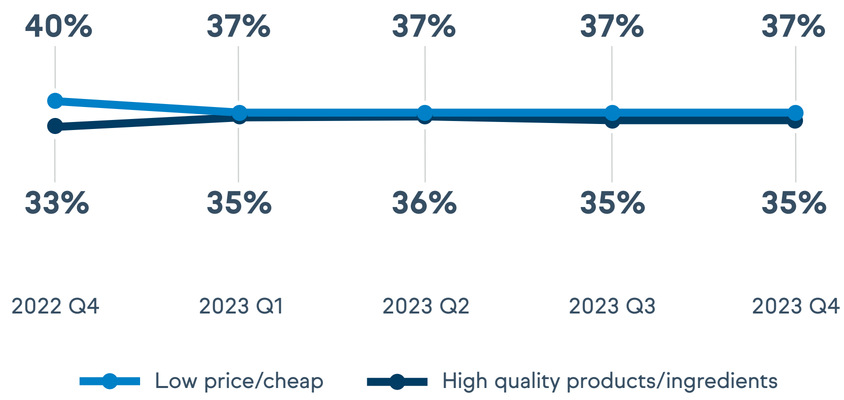
Global: Dairy and alternative category volume and value performance, 2022–25



*Grain, Nut, Rice, and Seed milks (excluding soy)

9 GlobalData Industry Insights: Dairy and Alternative Demand Spaces and Top Trends, February 2024.
10 GlobalData 2022 Q4, 2023 Q1, Q2, Q3, Q4 global consumer surveys.
11 Panoptic Trend-Driven Innovation, 2nd edition, 2022.
12 GlobalData 2023 Q3 global consumer survey.

Global: "What does good value-for-money mean to you when buying dairy products?", 2022–23



SHELF-STABLE INNOVATION

While consumers tend to associate freshness with quality, this competes with their desires for affordable, healthy convenience and simplicity. Companies can meet these needs with shelf-stable products that leverage food technology, clean-label innovation and functional ingredients with added nutritional value, such as probiotics.

In September 2023, for example, a brand launched what it claimed as the world's first long-life probiotic yogurt in aseptic packaging.[13] The encapsulation technology coats probiotic cells with a protective layer to keep them stable during aseptic heat treatment and storage but breaks down when ingested.

In 2022, Germany experienced its lowest consumption levels of milk since 1991[9]

$9.1B

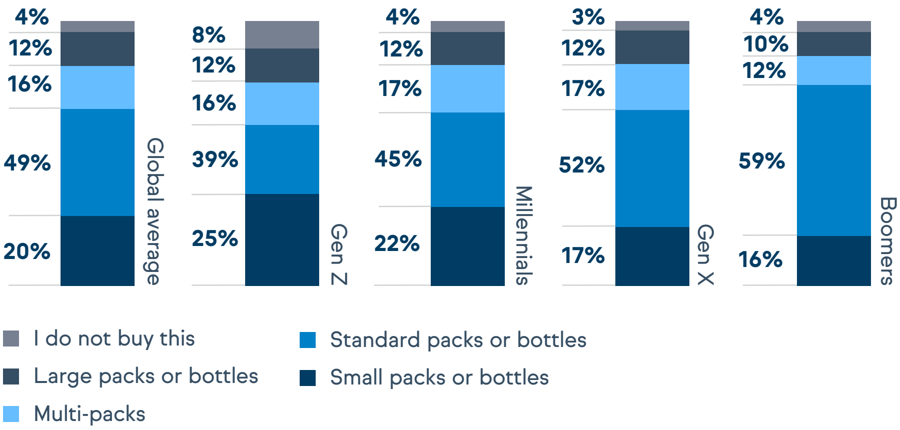
value of all 42 completed deals in health and wellness by dairy companies in 2023[8]

[13] SIG, "SIG unveils first global launch of long-life probiotic yogurt in aseptic packaging," September 2023.

SMALL IS BEAUTIFUL

In 2023, younger consumers—and those in Generation Z in particular—were more inclined to choose smaller packs and bottles when buying dairy.[13] Busy, often single, lifestyles are associated with smaller, convenience-led serving sizes that minimize the risk of waste. The typically tighter budgets of younger consumers may also deter them from committing to higher-priced large packs. This presents a real opportunity for dairy brands to target younger consumers with convenient snacking products that deliver great health and wellness benefits.

Global: "What is your choice of pack size in dairy products?", 2022–23



A significant number of UK dairy farmers sold their farm in 2023, caught between rising production costs and supermarket price wars[16]

US milk prices are expected to rise this year after dropping in mid-2023[17]

THE RISE OF PRIVATE LABELS

For those needing to budget, the most popular way to trim dairy spend is to switch to store-owned, private label products, with 35% of global consumers choosing these in 2023.[12] Private labels have become significant competitors to big brands, particularly in Europe, as they are able to deliver greater affordability yet are perceived as offering similar quality.[9] This may be driven by consumers believing that brands are using macroeconomic pressures as an excuse to boost profit by disproportionately raising prices—also known as "greedflation".[9,14]

Some brands are riding the trend by supplying private-label products to supermarkets themselves.

[14] Fortune, "The biggest study of 'greedflation' yet looked at 1,300 corporations to find many of them were lying to you about inflation", December 2023.
[15] The Grocer, "Arla and Asda extend own label dairy supply deal," July 2023.
[16] The Guardian, "Dairy farmers quit in fury amid UK price squeeze and rising costs," July 2023.
[17] The Farm Progress Network, "Volatile milk prices expected into 2024," September 2023.

BUILDING VALUE

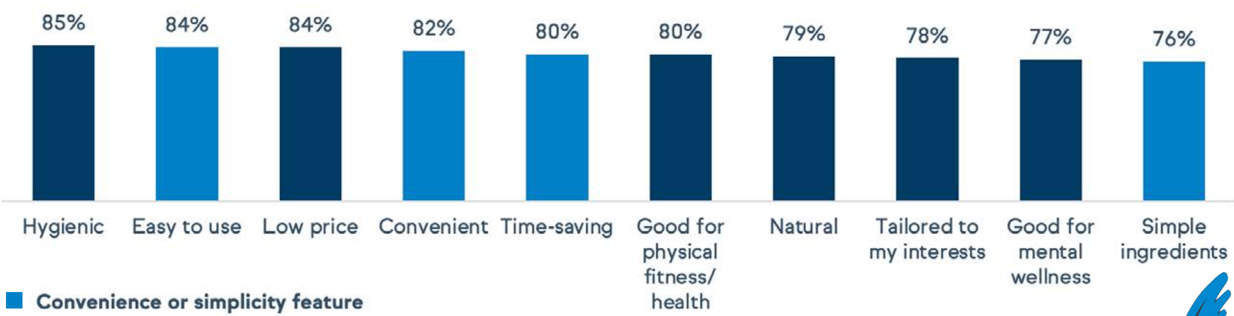
Current economic pressures, coupled with growing concern for the environment (see #5 Responsible Living), are driving consumers to reconsider what is valuable to them. They are becoming increasingly mindful of their priorities and behaviors as they try to use less money and fewer resources. This is giving rise to a pragmatic search for "value with values"—affordability coupled with quality, safety, ethics, sustainability, and a yearning for simplicity—in what feels like an increasingly chaotic world.

In this landscape, brands can appeal to budget-conscious consumers by enabling them to manage their personal resources in a way that maximizes what is available and balances their needs against their values. This can be achieved by building in additional value such as health, ethical or sustainability benefits—for example, by adding probiotics, or by using higher-welfare or locally sourced milk. It's worth noting that consumers are more likely to see long shelf life as good value for money in dairy than in any other food category, although it is still a low priority factor compared to quality (7% vs 37%).[13]

Time-poor consumers will increasingly put a premium on products that help them organize and execute their everyday lives in a more efficient and effective manner. Versatile products that can be consumed on the go as a "top-up nutrition" solution, or adapted to new routines, will attract consumers who prize healthy, easy convenience. Demand for snack-sized dairy products that offer greater nutritional value is increasing. Popular formats within this trend include low-fat cheeses, gut-healthy yogurts and functional dairy drinks that help support on-the-go health and lifestyle goals.[13]

Brands can also change their offer to boost affordability, such as by shrinking pack sizes or reformulating with cheaper ingredients. For example, recently launched yogurt drink in Indonesia in October 2023, comes in a convenient pouch format which claims to offer "the right portion size (100kcal) for weight watchers" —appealing to consumers wanting to regulate their snack intake.[5] However, if such changes are not clearly communicated to put on a positive value spin for the consumer, there is the risk of "skimpflation" accusations.

Global: Consumers who find the following features essential or nice to have in a product/service, top 10, 2023

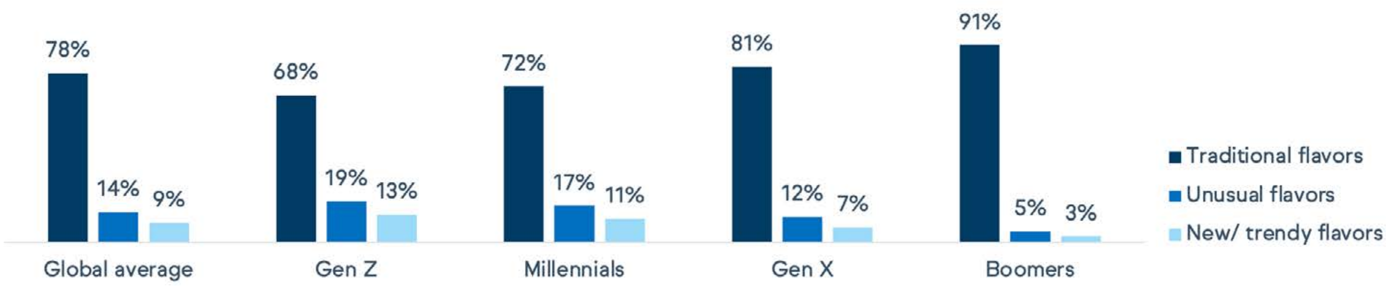


TREND #3

NEO-HEDONISM

Neo-hedonism—a shift towards pleasure-centric lifestyles—will be one of the key global movements impacting the overall food and beverage space in 2024.[2] IFF research found that 50% of global consumers were rewarding themselves more than they did before the pandemic,[11] seeking happiness and pleasure as everyday goals to bring delight and fun to their lives.[12] In dairy, taste will remain king, particularly in categories associated with indulgence, such as ice cream, with product innovation appealing to differing aspects of the senses.[12]

Global: "What type of flavors do you typically choose in dairy products?", 2022



While most customers still prefer traditional dairy flavors, Generation Z and Millennials are notably keen to experience new and unusual options, with their choices more inspired by social media than older cohorts.[18] Platforms such as TikTok enable the dairy sector to elevate the sensory profile of ordinary ingredients by encouraging their use in novel ways. However, home cooking remains the number one vehicle across all age groups for experimenting with new flavors.

[18] GlobalData 2022 Q2 global consumer survey.

Global: "What situations inspire you to try new flavors in food/drinks?", 2022[1]	Global average	Generation Z	Millennials	Generation X	Boomers
Cooking/preparing food at home	52%	49%	53%	52%	53%
Purchasing from at a market stall	30%	35%	34%	28%	22%
Purchasing from a retail outlet	36%	36%	38%	35%	33%
Fast food or casual dining restaurant	32%	35%	35%	31%	21%
Fine-dining restaurant	31%	27%	34%	31%	27%
Visiting a different country/holiday	40%	34%	38%	41%	46%
Reviews from food magazines	24%	22%	26%	23%	18%
Podcasts and social media	17%	21%	22%	14%	6%
Cookery shows and celebrity chefs	28%	23%	28%	29%	27%
Recommendations from friends/family	29%	28%	27%	30%	34%

Boomers are more inclined than other generations to try new flavors on vacation, presenting an opportunity to tap into the gastro-tourism market.[22] Bearing in mind that Gen X and Boomers are far more likely to choose traditional flavors than other demographics, it's vital that brands highlight the authenticity of different cuisines when targeting older demographics.

UPSELLING THROUGH FLAVOR

Brands are adding complex or unusual flavors and textures to dairy to enhance premiumization and indulgence, create novelty and upsell standard products.

Seasonal and limited flavors also excite consumer interest. Dairy brands have been extending butter offerings with added flavorings.

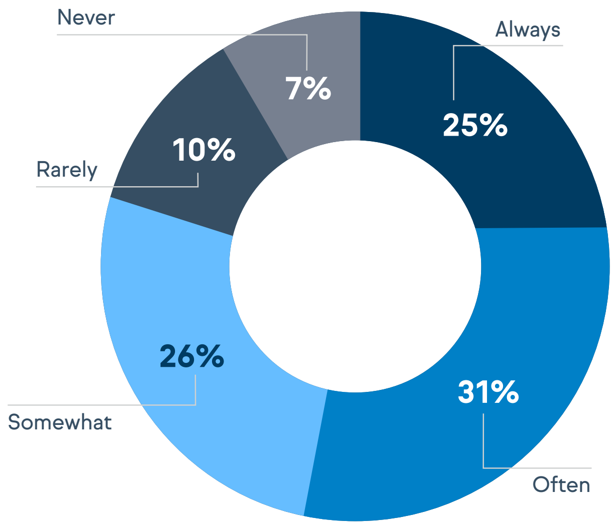
52%
of global consumers say they are most likely to try out new flavors when cooking at home[22]

[19] PR Newswire, "Kerrygold Introduces New Butter Blends Innovation," June 2023.

TREND#4

AI/HUMAN

Repeat purchases and loyalty depend on consumers making emotional connections to brands. There is a desire for the human touch, especially when technology is at the core of product delivery, so it is crucial to tell stories that create and reinforce human connections to the brand by speaking to consumers' values and beliefs. This is reflected in market research showing that over half of consumers are often or always influenced by how a product is tailored to their needs or personality,[20] with 61% believing it is important to express personal values through their food purchases.[21]



Always/often by generation

52% Gen Z	59% Millennials
57% Gen X	53% Boomers

Global: "When purchasing FOOD is it important to express your personal values and beliefs?", 2023

Global Average	Gen Z	Millennials	Gen X	Boomers
61%	67%	66%	59%	49%

[20] GlobalData 2023 Q4 global consumer survey.
[21] GlobalData 2023 Q2 global consumer survey.

In this unsettling world where information is more likely to be questioned than ever before, dairy brands can engage with consumers to drive “value with values” through story-telling—highlighting authentic environmental, ethical, and social credentials that reflect consumers’ own concerns and personal values.

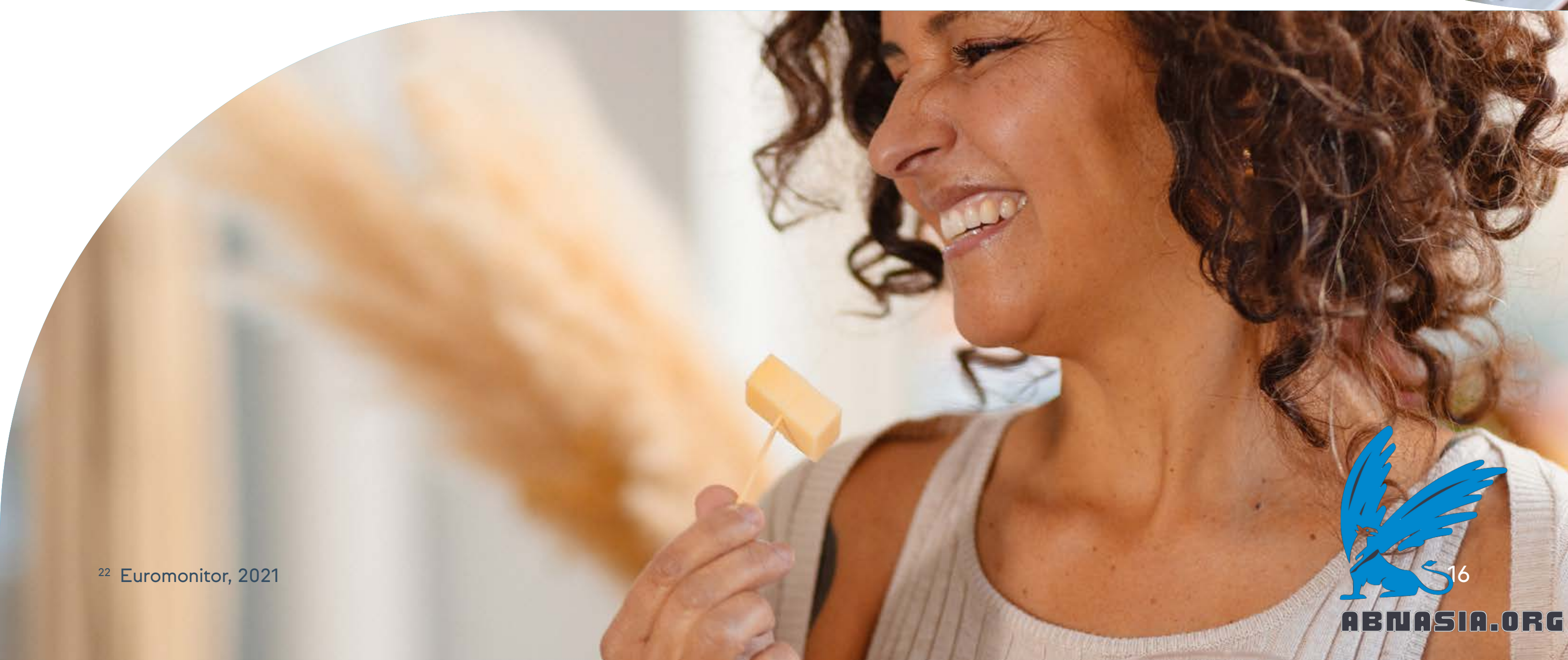
BUILDING TRUST THROUGH STORIES

As an everyday essential, dairy has not always prioritized relating personally to the consumer, but this is changing. Generation Z’s growing influence on global markets means dairy companies are realizing the need to build marketing strategies that tell more complex, meaningful stories around trends such as sustainability, authenticity, and technical innovation, especially if they are to powerfully connect with a large young audience.

87%

of consumers are willing to pay more for personalized products[22]

Key areas for dairy and dairy alternative include local and ethical sourcing, regenerative farming practices, and the use of renewables. For example, a Turkish brand launched string cheese in 2023, claiming to have made the product using traditional methods by a female-owned business from the Black Sea region, adding authenticity and ethical appeal.[5] Similarly, a buffalo milk product launched in China the same year, highlights its origin story— a ranch in Bobai County where cattle are fed sugarcane and pineapple to enhance the milk’s flavor and nutritional profile—to signal its quality to consumers.



[22] Euromonitor, 2021

TREND #5

RESPONSIBLE LIVING

Eco-ethical values are now paramount, with consumers seeking to become responsible global citizens. Our research suggests they are increasingly aware of their personal impact on the world, with 67% saying that the effect their choices have on the planet is important.[23] Alarmed by the disastrous consequences of climate crisis, overconsumption and ecocidal behavior, they are committing more to the planet and investing time and money to identify new ways of living sustainably and creating a regenerative future.

Technology is critical in delivering dairy products that meet sustainability goals at an affordable price while offering the health benefits consumers are looking for, yet there is a tension with the desire for naturality. In a world where information is increasingly questioned, consumers have re-engaged with evidence-based science and are seeking out greater transparency and tangible proof through trusted, knowledgeable and credible sources.[12]

GREENWASHING VS GREEN HUSHING

Research has found that eight in ten global consumers believe brands must be transparent about their environmental impacts.[24] While consumers are often willing to trust brand information overall, the majority consider big brands' eco-friendly and ethical claims to be unreliable, although they place more trust in small, independent and artisanal brands.

64% — Consumers globally strongly or somewhat agree that information shared by brands is generally reliable.

69% — Consumers globally somewhat or strongly agree that big brands claim to be more eco-friendly than they really are.

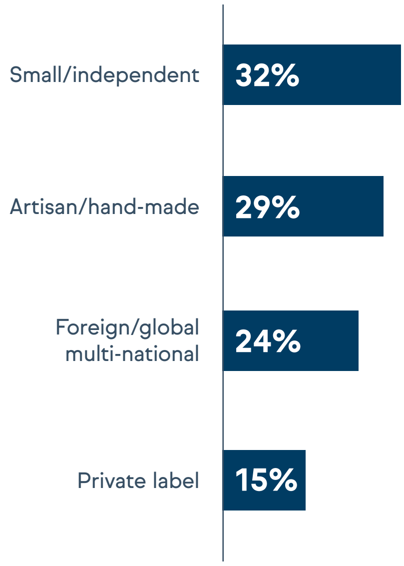
68% — Consumers globally somewhat or strongly agree that big brands claim to be more ethical than they really are.

[23] Nielsen, 2021
[24] Ernst & Young, 2021

Dairy has faced particular scrutiny as media coverage has brought criticism of animal agriculture into the mainstream. However, consumers are also catching up to the reality that not all dairy alternatives are as “green” as they first seemed. Instead, consumers are reassessing the validity of health and sustainability claims around, for example, plant-based milk, the market growth of which is now seeing significant slowdown.

We are also entering a stricter regulatory environment where ESG (environmental, social and governance) claims are subject to greater scrutiny. Companies are now being made genuinely accountable and obliged to make truly evidence-based claims or face financial penalties, particularly in the EU. With major brands already being censured for misleading marketing claims, businesses are increasingly being expected to exercise caution about their ESG credentials—what is being termed “green hushing”. Certainly, whether brands play in dairy or dairy alternatives, they need to be far more accurate in their sustainability-led marketing.

“Which of the following types of brand would you trust most if they said their products are environmentally-friendly, ethical, and socially responsible?”, 2023



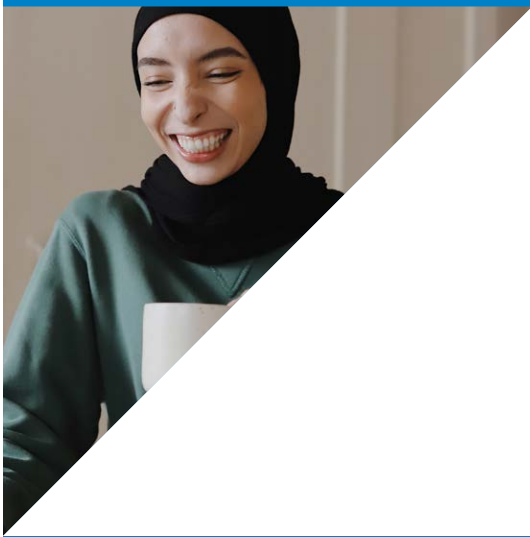
49%
of consumers are paying more attention to the origin of their purchases[11]

NEXT-GENERATION FORMULATION

Consumers tend to regard “natural” as a more important product attribute than high-tech, with 55% associating natural products with a healthy lifestyle, compared to just 7% for lab-grown or artificially created products.[4] This poses a dilemma for brands innovating with next-generation, technology-driven dairy products to meet consumer demand for improved performance, particularly in the dairy alternative category. Brands should focus on the message that natural and high-tech features can co-exist harmoniously to deliver more advanced, quality foods and beverages.

High-end foodservice is a good place to launch, with diners more likely to be in an experimental mindset and to be comfortable with the often-higher costs associated with new technology. For example, a US food-tech company specializing in cheese alternatives, has partnered with full-service, premium restaurant brand to launch a precision-fermented “mozzarella”. Precision-fermentation is an advanced “brewing” process that can dramatically improve nutritional value and cut carbon footprints compared with dairy,[25] and allows the product to more closely resemble the taste and texture of mozzarella.[26]

85%
of global consumers are willing to change routine to embrace a more sustainable lifestyle[27]



68%
of consumers strongly or somewhat agree that big brands claim to be more ethical than they really are[27]

[25] The Guardian, “Embrace what may be the most important green technology ever. It could save us all,” November 2022.
[26] PR Newswire, “Acclaimed chef Nancy Silverton unveils New Culture’s revolutionary cheese” June 2023.
[27] Mastercard, 2021
[28] Eat Just, 2021

75%
of consumers are likely to substitute plant-based with cultured meat[28]

SUB-CATEGORY FOCUS FOR 2024

In all categories, brands will continue to operate within the context of affordability and the cost-of-living crisis, and seek to drive “value with values” through clear communication of benefits.

DAIRY BEVERAGES

In today's economic climate, the affordability of dairy as a dietary staple continues to be of concern. Building additional value is key, especially by offering affordable nutrition. Overall, dairy is being seen as a category that can support an active lifestyle.

- Existing functional benefits—including gut, digestion and immunity—will continue to develop.
- Functionality is expanding into new areas, such as cognitive capacity, stress relief and sleep.

Taste is still king, however, and the right sensory experience is crucial for enjoyment, with opportunities for new products inspired by seasons or from other categories. With dairy farming regarded by many consumers as bad for the environment, manufacturers must be upfront and transparent about their ethical credentials and sustainability commitments.

In March 2023, the first probiotics ultra-high temperature (UHT) milk was launched. It is also being pitched as an alternative to other probiotic drinks such as kefir and kombucha.[29]

[29] Dairy Reporter, "Got functional milk?" March 2023.

DAIRY DESSERTS

Desserts are very much about indulgence, and consumers have a strong desire for sensory innovation while also enjoying traditional, nostalgia-inducing products.

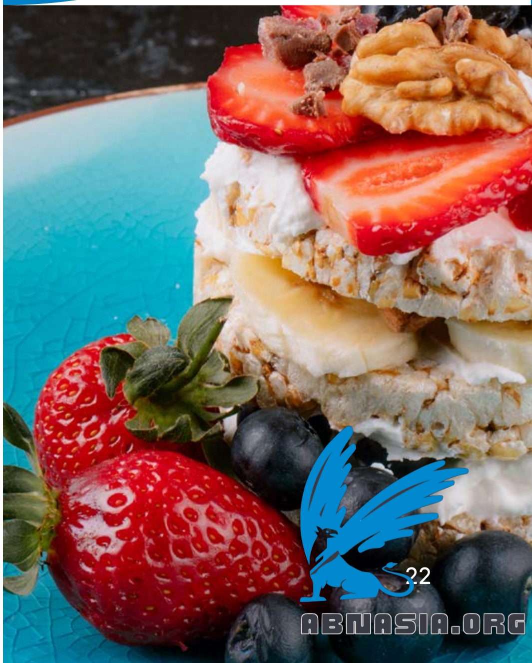
- Limited editions and co-branding have appeal and allow brands to push boundaries.
- Innovation in all sensory aspects is key, including with both classic and novel flavors.
- Textural/multi-textural experiences will create excitement to engage consumers.

Brands will continue to explore different ways to provide a balance between indulgence and health.

- Common approaches include minus claims (e.g. "sugar-free"), added ingredients (e.g. protein), specific benefits (e.g. satiety) or suitability for specific diets (e.g. keto).
- Many brands are positioning their products as offering healthy, permissible indulgence or self-care benefits, such as mood-boosting or stress-busting.

Claims around convenience will continue to be important, with easy-to-use, fuss-free and time-saving elements driving innovation and product communication.

In India, a brand has launched a vegetarian Caramel Pudding in a ready-to-eat format. It claims to be made with 80% milk, is good source of calcium, and free from preservatives and colors. Aligned with the Novel & Experimental trends, it may appeal to those who look for RTE desserts and whose food and drink choices are always (32%)/often (33%) influenced by the time andmoney constraints.[30]



[30] GlobalData's 2023 Q1 global consumer survey.

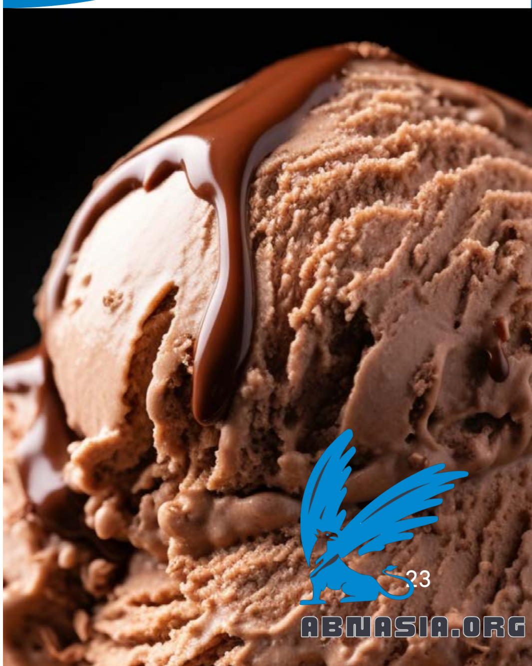
ICE CREAM

For most consumers, ice cream is an indulgent comfort food. Much activity is aimed at continuing this association, with nostalgia and premium versions of classic flavors being a strong selling point.

- Innovating with textures, visuals and both classic and novel flavors will create excitement.
- Within this category, the combination of indulgence and value for money is key.
- While there is great interest in functional, better-for-you products, the sensory experience must not be impacted negatively by any changes designed to make the product healthier.
- Ingredients that play to both strengths—such as botanicals—are of interest, while mood-enhancing ingredients have potential for positioning ice cream as indulgent self-care.

Innovations that embrace a more planet-friendly, compassionate and ethical positioning are also gaining traction. However, these selling points are sometimes hampered by the cost of living crisis. Some manufacturers are creating a link between ethical and environment claims and a superior sensory experience in order to justify a higher price point.

There is an ice cream brand which claims to be the first and only regenerative verified & USDA organic certified ice cream. 98% of its ice cream base ingredients are certified and verified regenerative organic (via Land to Market). By purchasing regenerative organic cane sugar, they have kept 1,995 pounds of synthetic fertilizers from going into the ground and restored 7.3 acres of land to resemble virgin forests.[23]



CHEESE

Cheese brands are taking both local and exotic inspiration to innovate with new flavors (inherent or added), different textures, and new ways of eating (such as different occasions or serving suggestions). The addition of fruits, vegetables, herbs and spices will add to sensory excitement.

Health claims can be invaluable and some brands are focusing on their better-for-you attributes.

- Cheese is well-placed to respond to health demands as it's naturally associated with protein and calcium.
- In addition, manufacturers are fortifying with ingredients such as beta-casein, vitamins and probiotics.

Naturality can be a driving factor for consumers, and successful brands are communicating strongly around being more natural and less processed. Environmental issues will continue to drive innovation and brands need to be transparent around their credentials, with the focus of communication going beyond the pack.

Plant-based cheese is becoming more mainstream, with many big brands now bringing out plant versions of popular lines. Most consumers still associate cheese with dairy but some, especially younger groups, demand more plant-based options.

- Brands are lowering the barrier to acceptance by focusing on convenient formats, such as shredded, sliced and spreadable.
- Ensuring that plant-based cheese delivers a delightful sensory experience is key to growing this segment.

A sliced cheese product launched in Poland in April 2023, contains whey protein. High in calcium and low in fat, it's marketed as good for building muscle tissue and supporting "intenseworkouts".[5]

YOGURT & FERMENTED PRODUCTS

The cost of living crisis has had a huge impact on purchasing decisions, with consumers searching for maximum value, so brands need to both minimize costs and convey benefits beyond mere low price. Within this context, private label is growing. However, the sensorial experience and flavor innovation—especially with limited edition, novel, indulgent flavors—will still drive consumption. Texture will also be important, with decadent textures elevating indulgence. Brands will increasingly seek inspiration from adjacent categories and global markets. Yogurt is closely associated with wellbeing, and enhancing its health halo is a strong innovation driver.

- Sugar content continues to be scrutinized, but artificial sweeteners are not always a good answer.
- High protein is a positive health attribute, connecting well with indulgence, but protein alone is not enough in an environment where nutrient density is becoming crucial.
- Probiotic claims and functional effects are of interest—there is already strong communication around immunity and digestive health benefits.
- Added fiber, which connects strongly with satiety, gut health and weight management, can help.

With consumers scrutinizing labels and increasingly suspicious of long ingredient lists, transparency will also be key. This includes clearly communicated clean-label recipes, minimal processing, simple on-pack health messaging and short, easily understood ingredient lists.

A children's yogurt drink launched in 2023 is fortified with lysine, zinc, and 65 billion bacteria. It claims to use European fermentation technology to maintain "the normal gut microbiome for kids", with specific, scientific marketing to appeal to the high number of parents who struggle to identify the healthiest products for their children to consume.[5]

PLANT-BASED DRINKS, YOGURT AND ICE CREAM

Dairy alternatives—especially drinks—are commonly seen as being tasty, affordable and versatile, and continue to benefit from the dairy health halo. With texture becoming more important, plant-based brands need to ensure that the sensorial experience surpasses expectations and is on par with dairy. Adding ingredients for greater functionality will also help give dairy alternative products an edge.

However, there appears to be hesitancy about the positive impact that switching from dairy to plant-based will have.[9] The focus for dairy alternatives should therefore be on continuing to address these issues, through transparent, concise messaging to highlight product sustainability and health benefits.

A nut-based milk launched in Australia in October 2023, is made from organic certified tigernuts from a female farming collective in Burkina Faso. The brand claims to use filtered spring water and Australian extra virgin olive oil, with certifications and supplierdetails helping to build its ethics and sustainability credentials.[5]

IFF: A WORLD OF SOLUTIONS FOR DAIRY AND DAIRY ALTERNATIVES

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- Process, formulation and shelf-life optimization
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- Sensorial experience
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- Product differentiation
- Budget-conscious formulation
- Supply reliability
- Taste and texture
- Nutrition, health and wellbeing
- Masking off notes in plant-based dairy

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