

Milk-Based Beverages

Dairy-based beverages?

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Trying to Cut in on the Soft Drink Market

- ◆ Traditionally, this category has been dominated by flavored milks
- ◆ A few milk – based soft drinks have been relatively successful for years
 - Yoo-hoo is a retorted product made using whey and nonfat dry milk
- ◆ Current flavors include: Chocolate,
- ◆ double fudge, lite and strawberry



What is in the category?

- ◆ Soft drinks dominate the category.
- ◆ There are 100% milk products.
- ◆ Whey-based beverages
- ◆ Smoothies
- ◆ Nutritional and energy drinks
- ◆ Soy beverages
- ◆ Multiple-protein beverages
- ◆ Juices and juice-based products

Why, All of a Sudden?

- ◆ Most people will agree that the future of the milk-based beverages was put on a firm basis with the development of new containers.
- ◆ Described as “a consumer-convenient hand-held product”
- ◆ The Milk Chug was born to Dean foods in 1999.

The story of dairy based beverages is the story of packaging...



The Chug Catches on

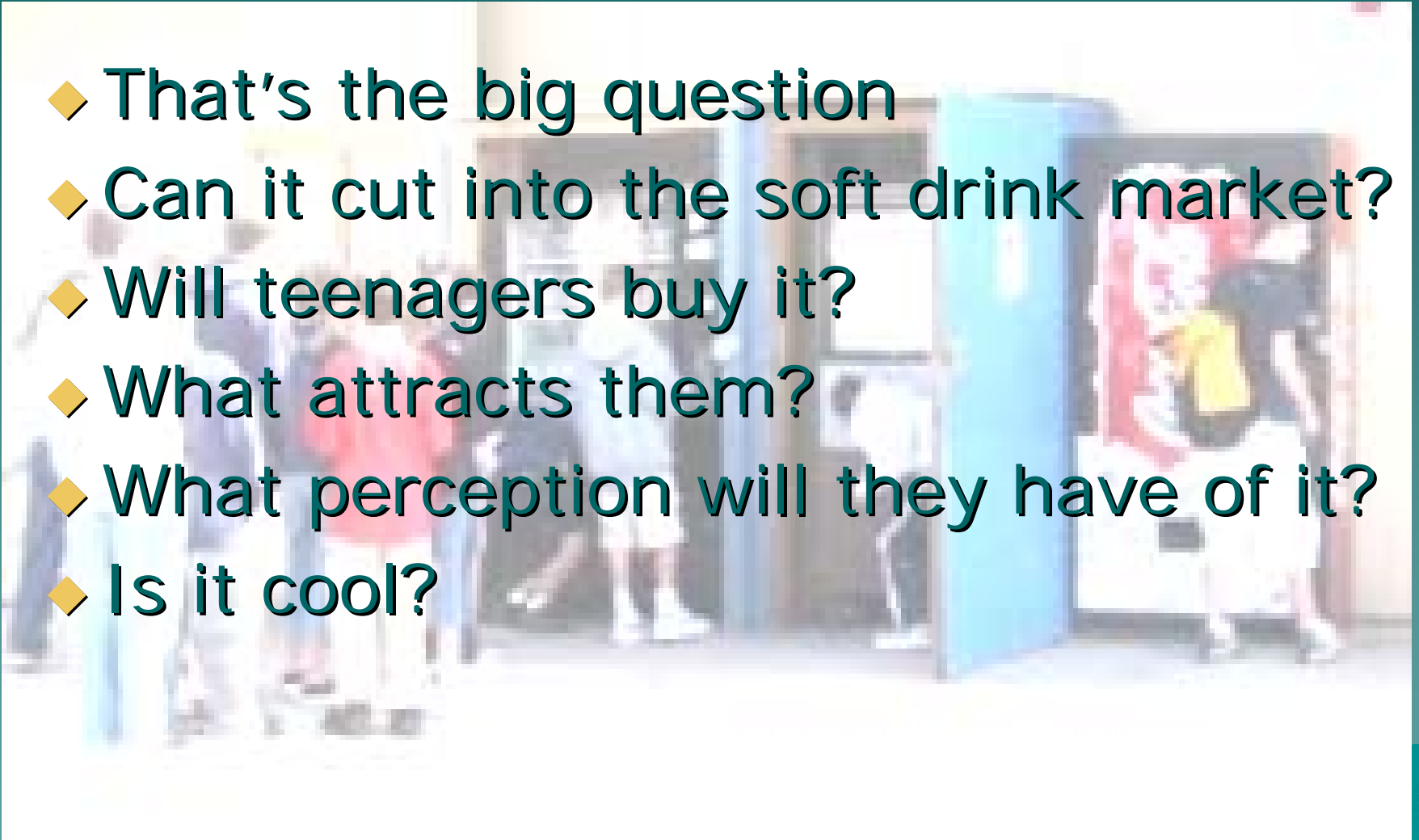


The Act Giveth and Taketh Away

- ◆ Child Nutrition Act, nullified exclusivity clauses for schools. The Act originally prevented 51% milk drinks from being restricted in schools
- ◆ Amendment of December 8, 2005 modified this to only include 100% milks and flavored milk beverages
- ◆ This may have implications for the development of new market entries

Will they stand in line to drink it?

- ◆ That's the big question
- ◆ Can it cut into the soft drink market?
- ◆ Will teenagers buy it?
- ◆ What attracts them?
- ◆ What perception will they have of it?
- ◆ Is it cool?

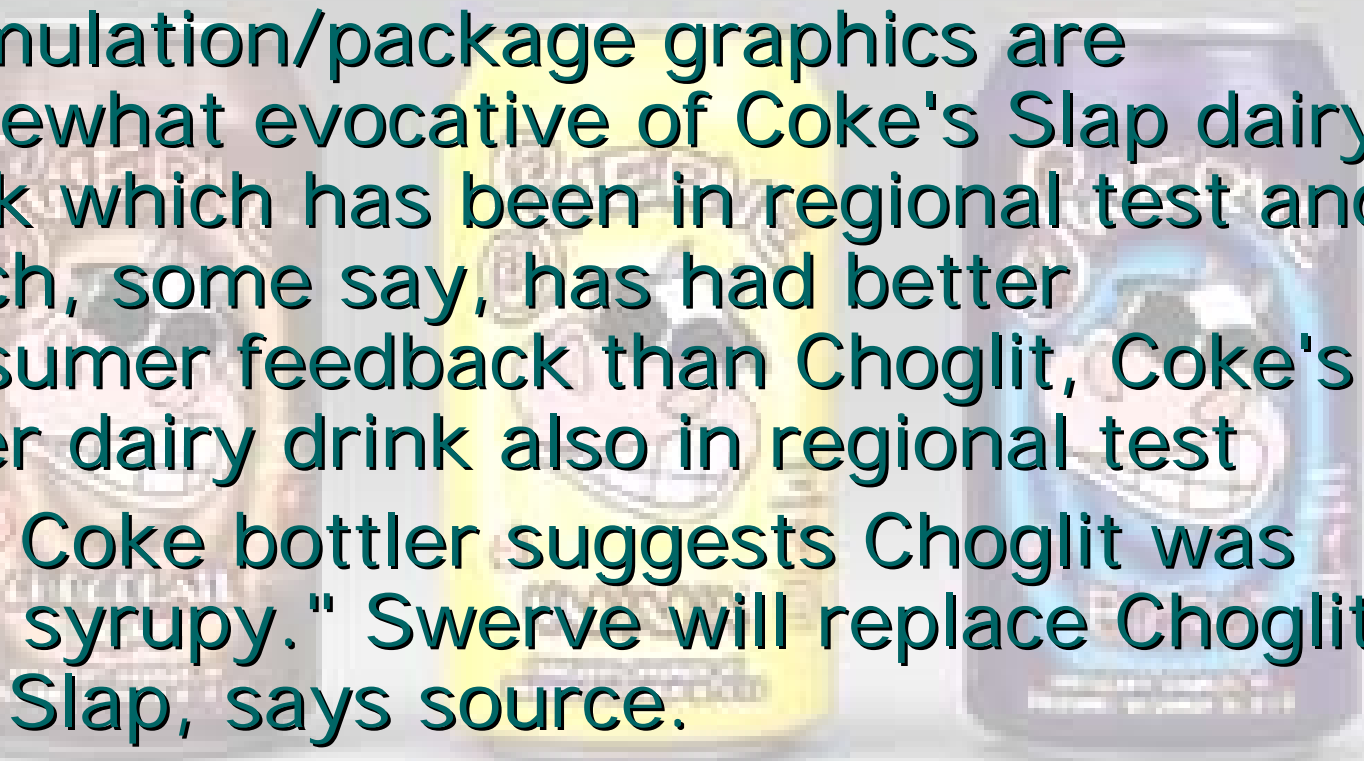


Choglit

- ◆ Produced jointly by Coca-Cola and Nestle and launched in the US
- ◆ Made with 16 per cent skimmed milk and offered 10 per cent of the recommended daily intake (RDI) of calcium, vitamin A and vitamin D per eight fluid ounce serving.
- ◆ Coca-Cola has been criticized in the past for the less-than-healthy quality of some of its drinks, especially those which are widely available in schools, and clearly wanted to redress the balance with a healthier option.

Swerve

- ◆ 50% dairy -- about 52% says source -- and therefore carry "Real" seal,
- ◆ Formulation/package graphics are somewhat evocative of Coke's Slap dairy drink which has been in regional test and which, some say, has had better consumer feedback than Choglit, Coke's other dairy drink also in regional test
- ◆ One Coke bottler suggests Choglit was "too syrupy." Swerve will replace Choglit and Slap, says source.



Pepsi's Entry

- ◆ Pepsi has launched a flavored milk drink that it may begin testing in stores this year.
- ◆ It has run trials in school vending machines. Quaker Milk Chillers are made with 52% low-fat milk and come in chocolate, vanilla and strawberry
- ◆ Packaged in 14-ounce aseptic containers with a shelf-life of six months and do not need to be refrigerated until after they are opened.



Probiotic Drinks

- ◆ Contain bacteria that positively influence the health by balancing the intestinal microflora.
- ◆ Probiotics generally refer to lactic acid producing bacteria like *Lactobacillus* spp., *Bifidobacterium* spp. and *Streptococcus* spp.
- ◆ They create an environment that stimulates the growth and the activity of the normal "healthy " bacterial flora, whereas harmful bacteria are inhibited from growing.

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a SuperSmoothie



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20 vitamins
& minerals
LIGHT

1/3 fewer
calories than
regular yogurt
smoothies

Vitamins E, C, A, and Niacin
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Biotin to help your body
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support immune system

B Vitamins to help
release energy from food

Protein for building
and repairing muscles

Vitamin D to boost
calcium absorption

Folic Acid and Iron for
promoting healthy, oxygen-
carrying red blood cells

Fiber to aid digestion
and promote balance

nouriche
yourself



10g protein

0.5g fiber

300mg calcium

Raspberry

naturally and
artificially flavored

Nouriche Light - 170 calories, 0g of fat. Regular yogurt smoothies - 280 calories, 2g of fat per 11 fl oz serving.

11 FL OZ (325mL) K D

INGREDIENTS: PASTEURIZED NONFAT MILK, GRADE A NONFAT YOGURT (CULTURED PASTEURIZED GRADE A NONFAT MILK), WATER, SUGAR, RASPBERRY PUREE, INULIN, MODIFIED CORN STARCH, WHEY PROTEIN CONCENTRATE, HIGH FRUCTOSE CORN SYRUP, MODIFIED TAPIOCA STARCH, CITRIC ACID, PECTIN, DIMAGNESIUM PHOSPHATE, MALIC ACID, LACTIC ACID, NATURAL AND ARTIFICIAL FLAVOR, TRICALCIUM PHOSPHATE, COLORED WITH BEET JUICE CONCENTRATE, POTASSIUM SORBATE ADDED TO MAINTAIN FRESHNESS, VITAMIN C (ASCORBIC ACID), SUCRALOSE, IRON (A MINERAL NUTRIENT), VITAMIN E (TOCOPHERYL ACETATE), A B VITAMIN (NIACINAMIDE), ZINC, A B VITAMIN (CALCIUM PANTOTHENATE), MANGANESE, VITAMIN A (PALMITATE), VITAMIN B₆ (PYRIDOXINE HYDROCHLORIDE), VITAMIN B₁ (THIAMIN MONONITRATE), BIOTIN, A B VITAMIN (FOLIC ACID), IODINE, VITAMIN D₃, VITAMIN B₂ (RIBOFLAVIN), VITAMIN B₁₂. CONTAINS LIVE AND ACTIVE CULTURES

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Nutrition Facts

Serving Size 1 container (325mL)

Amount Per Serving

Calories 170

Calories from Fat 0

% Daily Value*

Total Fat 0g **0%**

Saturated Fat 0g **0%**

Trans Fat 0g

Cholesterol 10mg **3%**

Sodium 250mg **10%**

Potassium 400mg **11%**

Total Carbohydrate 33g **11%**

Dietary Fiber 5g **20%**

Sugars 18g

Protein 10g **20%**

Vitamin A 25% • Vitamin C 25%

Calcium 30% • Iron 15%

Vitamin D 25% • Vitamin E 25%

Thiamin 25% • Riboflavin 25%

Niacin 25% • Vitamin B₆ 25%

Folic Acid 25% • Vitamin B₁₂ 25%

Biotin 25% • Pantothenic Acid 25%

Phosphorus 40% • Iodine 25%

Magnesium 25% • Zinc 15%

Manganese 25%

* Percent Daily Values are based on a 2,000 calorie diet.

Frumixx by Danone

- ◆ Launched in August 2003, FrumixX is a refreshing drink
- ◆ Made from fermented milk, whey and 6% fruit.
- ◆ Available in three flavors: strawberry & cherry, apple and orange.



Dairy Management, Inc. is Supporting Research in Whey Ingredients

- ◆ "These research efforts help food and beverage manufacturers make products that taste great, offer better nutrition and provide unique functionality, such as clarity in protein-enhanced beverages."

Greg Miller, Ph.D., MACN, senior vice president of nutrition and product innovation for DMI,

- ◆ In 2004, 1,519 products using whey ingredients were introduced in the United States, compared with 1,207 a year earlier.

Mintel International Group's Global New Products Database.

Where does it go from here?

- ◆ Take advantage of technology developed by the Dairy Centers research programs, specifically,
 - Whey and protein technologies
 - Probiotic research,
 - Aseptic processing
- ◆ Entries will take advantage of packaging and graphics technology.
- ◆ Are likely to continue blending foods
- ◆ Will be tailored to the youth market, mainly