

Midwest Dairy webinar

Top Trends

Innova's Top Trends in Dairy – Global, with USA highlights



March 18, 2025



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90+
countries





Today's focus – five key food & beverage trends for 2025 that matter the most to the dairy category





Consumer context: North America



Healthier Lives

Consumers prioritize a healthy diet, weight management, exercise, and mental health. Proactively preventing health issues (32%) is a key focus. Health benefits (35%), nutrition (23%), natural foods (31%), and limiting sugar, fat, and alcohol (37%) are important for home-cooked meals.



Conscious Living

Consumers are minimizing food waste, recycling, upcycling, and choosing local products for sustainability. They expect companies to lead with eco-friendly packaging, better waste management, and lower carbon footprints. 6 in 10 North Americans want clearer packaging on sustainability efforts.



Changing Occasions

Consumers are **spending more time at home**, creating more opportunities for packaged food products. 65% eat at home daily compared to 15% who dine out, and half view **home cooking as a way to save money**.



Evolving Nature of Treat and Reward

Half of consumers seek daily happiness, with 36% preferring edible treats. 37% balance health and indulgence, while 35% prioritize health benefits and 21% value indulgence at home. Rich flavor (41%) and creamy texture (33%) define indulgence, and reducing fat, sugar, and alcohol makes treats feel healthier.



TREND #1



Ingredients and Beyond



Trend 1. Ingredients and Beyond

As the demand for added value becomes standard, elevating quality beyond ingredients is key.



2024 – Finding the star ingredient

Beyond mainstream dairy: Protein everywhere



Australia, Nov 2024



Lithuania, Dec 2024



Norway, Dec 2024

Protein quark bar with collagen.

dairy tracked with a high/ source of protein claim. (Global, YoY 2024 vs. 2023)

Year-over-year growth of

2025 - How to stand out?

Developing a coherent narrative around quality

Quality of product is the most important factor for consumers in food and beverage brands.



Quality ingredients

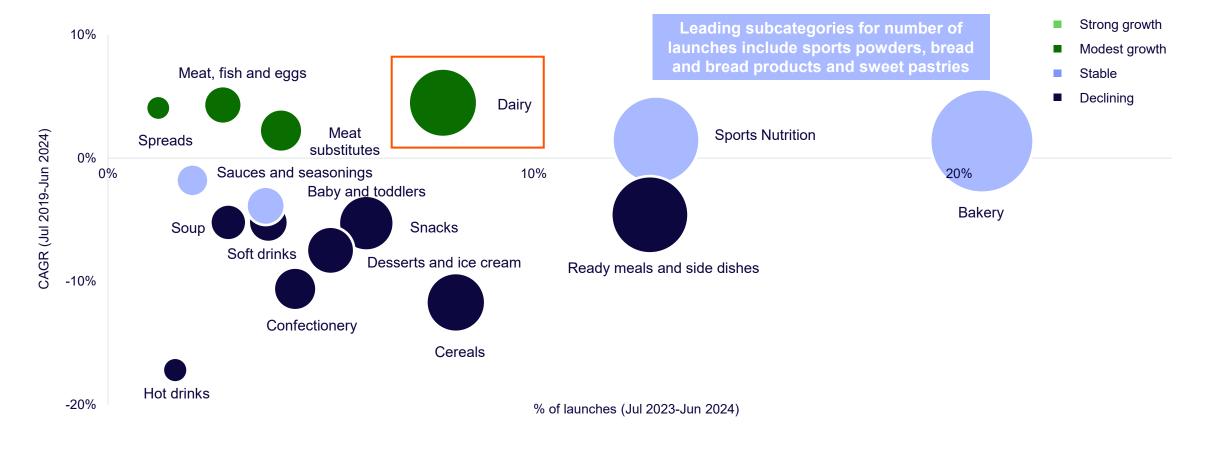
"Lactose-free hay milk yogurt – STG 100% Alto Adige hay milk from cows fed fresh grass, mountain hay, and herbs, raised using traditional Alpine methods."

Italy, Jan 2025



Dairy is among the leading growth categories for innovation in products containing protein ingredients

Figure: % of category launches and CAGR (compound annual growth rate) for leading food and beverage categories with protein ingredients (US and Canada, Jul 2019-Jun 2024)



Source: Innova Database

Note: Categories with less than 60 launches in Jul 2023-Jun 2024 are not included



For protein intake, US consumers consider dairy, especially cheese, as an alternative

One-third of US consumers use cheese as a source of protein as an alternative

to meat.

"When you are replacing meat directly, what do you usually consume?"

US, 2024

Cheese, 30%



Hiland Pro Pack Snack Low Fat Cottage Cheese

United States, Feb 2025

VIEW DETAILS

Grade A 2% milk fat. No artificial growth hormones from cows not treated with rbst. 12g protein per serving. Farmer owned. Premium quality.



Farm Rich Grilled Cheese Style Bites

United States, Jan 2025

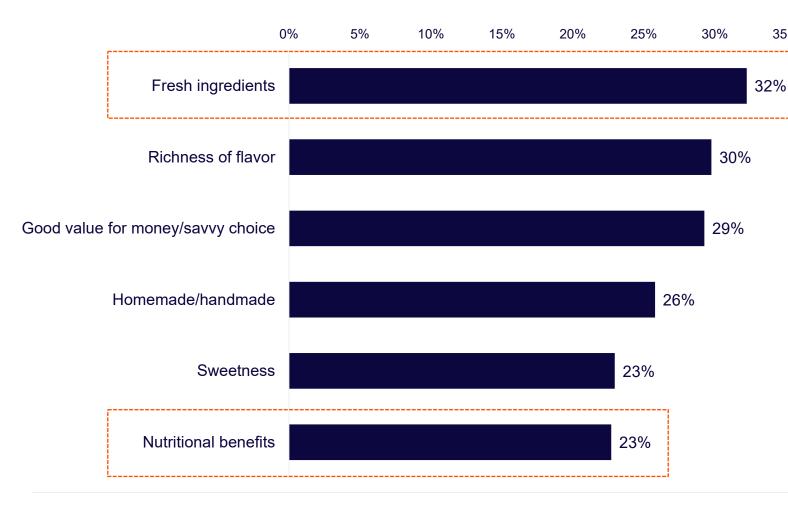
VIEW DETAILS

Grilled cheese style gooey cheese bites in a crispy coating. Good source of protein (9g per serving). Good source of calcium. Grilled cheese bites are the perfect combination of melty cheesiness and crispy coating. Farm Rich makes grilled cheese fun and easy. Taste of the comfort classic in a bite sized snack. Goosy cheesy center



For US consumers, fresh ingredients and nutritional benefits are important values in food

What are the most important drivers of enjoyment and pleasure in food for you? Select up to five (US, 2024) Figure:





Buf Mozzarella Di Bufala Fresh Basil Infusion: Fresh **Basil Infusion Mozzarella Buffalo Cheese**

United States, Dec 2024

35%

VIEW DETAILS

Fresh mozzarella buffalo cheese cherries marinated with olive oil and fresh basil. Lactose free. Non GMO Verified. Vegetarian. Gluten free. Free range. Grass fed. Made with A2 milk, vegetarian rennet, and are rich in omega-3s.

Source: Innova Lifestyle & Attitudes Survey 2024



Beyond freshness and nutrition, naturalness and product safety are also significant influencers in the dairy space

Top claims (global) that influence the consumers' dairy purchasing decision:



Cheese

- 1. Product safety
- 2. Made with real ingredients/natural
- 3. High in protein



Milk & flavored milk drinks

- 1. Made with real ingredients/natural
- 2. Low/no/reduced sugar
- 3. Product safety



Spoonable/ drinkable yogurt

- 1. Made with real ingredients/natural
- 2. Product safety
- 3. High in protein

Al decodes microbes' message in milk safety testing approach



Researchers have used **genetic**sequencing and AI to identify anomalies
in milk production, like contamination or
unauthorized additives, potentially
enhancing dairy safety.

United States, Oct 2024

The technology crossover adopted in various ways to guarantee dairy quality

"Which of the following concerns, if any, do you have with regard to dairy consumption?"

Food quality concerns



Researchers have developed a new way to detect when milk has gone off. VibMilk technology uses a smartphone sensor to detect if milk is fresh or spoiled.

Health concerns



Kerry Group acquires LactoSens technology to complement lactase enzyme portfolio

effective lactose detection."

3. Food safety concerns



October 18, 2024

Milk safety advances: Scientists untangle microbial challenges with AI and metagenomics

Sources: Innova Dairy, Meat & Alternative Protein Survey 2024 (Average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), UNSW Sydney, Food Ingredients First (1), (2)

Top 3 responses to the question were: Food quality (e.g., off-taste, off-odor), health concerns (e.g., lactose consumption), food safety (e.g., Notes: storage condition)



Rising dairy standards in US: Elevating quality by limiting artificial ingredients & promoting healthier nutritional profiles

From no artificial ingredients claims...

To healthier nutritional profiles...



Almost

1 in 3

consumers in US would reduce their dairy consumption due to artificial ingredients in processed dairy products.



"Quality Assured. No artificial ingredients. No added sugar. No high fructose corn syrup. Diabetes friendly. Low sodium. Heart health. Low fat. No salt added. Contains 16g of protein per serving. Excellent source of protein."

Bowl And Basket One Percent Milk Fat Cottage Cheese

United States, Jan 2025



United Kingdom, Oct 2024

Sources: Innova Dairy, Meat & Alternative Protein Survey 2024 (US), <u>Food Ingredients First</u>
Note: HFSS = High in fat, salt or sugar









Precision Wellness



Trend 2. Precision Wellness

Information culture raises the bar by challenging brands to meet targeted nutritional needs, at any life stage.

Top targeted nutrition approaches*



Year-over-year growth in dairy launches with a children (5-12 years) claim (Global, YoY 2024 vs. 2023)

HIGH IN

"Nourishing yogurt for growing kids. No artificial colors, flavors, sweeteners or preservatives. Contains vitamin B12 to support immune health. Contains 1 billion probiotics per serving. lodine and vitamin B12 for brain health. Sweetened with fruit."

Australia, Oct 2024

Sources: Innova Trends Survey 2025 (Average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), Innova Database, Bega Cheese Limited

Note: *Q: "Which of the following targeted nutrition is more desirable to you?"



Dairy brands customize products for adults & seniors through fortifications

Age-specific nutrition

Next to balanced nutrition, Gen X & Boomers have purchased age-specific nutrition more in the past 12 months.



well-balanced nutrient combination that the adult body requires."

"A powdered milk that contains a

Six key nutrients: Lactoferrin,
Bifidobacterium longum BB536,
LAC-Shield, Medium-chain fatty acid,
Protein and calcium, along with other
essential minerals needed by most
adults.

Morinaga Milk Life Nutritional Milk Powder For Adults

Unlocking nutrition for Seniors:

Desire for age-specific nutrition is high among Boomers



Zero lactose. Fortified with vitamins and minerals for nutrition for adults 50 plus.

Per 200ml glass of milk contains fiber: 10%, calcium: 30%, vitamin E: 15%, vitamin D: 15% and vitamin B12: 15%.

Brazil, Aug 2024

Vietnam (import from Japan), Jun 2024

Sources: Innova Trends Survey 2025 (Average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), Innova

Database, Morinaga Nutritional Foods

Notes: Qs: "Which type of targeted nutrition have you purchased in the past 12 months?" "Which of the following targeted nutrition is most desirable

to you?"



Brands are taking steps to craft innovations tailored to specific health needs



consumers in US consider

weight management
as the key health reason for
maintaining dairy consumption.

+38%

Year-over-year growth in new dairy launches tracked with a weight management claim (Global, YoY 2024 vs. 2023)

US consumers' approaches to weight management

- 1 Exercise and fitness
 - Diet reduction (e.g., reduce sugar)
 - 3 Diet nutritionally balanced approach

"Perfect for diabetic, keto, or the sugar free diet, this ready to drink protein shake helps you maintain your healthy lifestyle and achieve your weight goals while providing low carbs, great taste, and essential nutrition."



USA, Nov 2024



Innovation opportunity in condition-specific nutrition is apparent in dairy



Condition specific nutrition

+2%*

Opportunity gap

The desire for a targeted nutrition approach is more than the actual purchasing behaviors*

Jnited Kingdom, Aug 2024

Resurgence of lactose-free in dairy



YoY growth of dairy
+16% launches with a lactose-free
claim (Global, 2024 vs. 2023)

"Same great flavor, now easy to digest. This lactose-free milk gives you all the same nutritional benefits of milk without sacrificing the flavor. It's an easier-to-digest option, especially if you're lactose intolerant."



Beyond lactose-free milk



"Lactose-free banana cream ice cream made from lactose-free milk and lactose-free cream."



"Easier to digest if you may be lactose intolerant or have a sensitive gut. Less than 0.03% of lactose."

Sources: Innova Trends Survey 2025 (Average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), Innova Database

*Difference between percentage of consumer respondents in the questions: "Which of the following targeted nutrition is most desirable to you?"

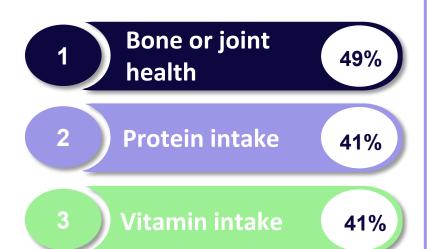
and "Which type of targeted nutrition have you purchased in the past 12 months?" ("+" difference indicates opportunity gap or innovation opportunity). Condition-specific nutrition e.g., chronic conditions (such as diabetes, heart diseases), food allergies and intolerance, digestive health.



Why dairy matters: Replacing other sources of protein and supporting bone health & gut health

"What are your key health-related reasons for maintaining your dairy consumption?"

(US, Select up to 5)







Nurri Ultra Filtered Milkshake With Chocolate Flavor

United States, Oct 2024

VIEW DETAILS

Packed with vital nutrients: essential vitamins and minerals to support your lifestyle.



Kefir Lab Creamy Probiotic Cultured Coconut Milk

United States, Feb 2025

VIEW DETAILS

Creamy cultured coconut milk with **probiotics**. Probiotic for **optimal gut health**. Supports **healthy digestion**. **Helps restore gut diversity**.









Climate Adaption



Trend 6. Sustainability: Climate Adaption

Brands and consumers must find balance between personal values and product choices to get ahead of an everchanging climate.



of consumers in US are worried about **environmental concerns** (e.g., carbon emissions, water usage) with dairy consumption.

"What would you like most to see brand/companies doing to help the environmental/social causes?" (US, Select all that apply)

- 1 Improving waste management/reducing waste
- 2 Sustainable packaging
- Raising health and nutrition standards
- 4 Sustainable food/ growing practices
- 5 Nature protection

Less mess. No waste.

Belle Chevre original spreadable goat cheese log in a cup have tangy freshness of a plain goat cheese log, but in its resealable container it remains fresher longer so there is no waste.

US, Jun 2024



The dairy industry is adopting various sustainable practices to reduce its environmental impact

+89%

Year-over-year growth of dairy launches tracked with regenerative agriculture claim (Global, YoY 2024 vs. 2023)



Healthier soil, healthier cows, happier farmers.

United Kingdom, Oct 2024

·DELICIOUSLY· REGENERATIVE

"Farming regeneratively, using those magic hooves to lock carbon away and recycle nutrients, can keep soil healthy and benefit nature."



28% of consumers globally say less product waste in plant-based alternatives would encourage their purchases of these products.



Arla Foods Ingredients harnesses upcycling potential of acid whey

October 22, 2024



The "Upcycle Your Whey to Value" concept addresses a sustainability issue in the dairy industry, where two-thirds of milk for Greek yoghurt and strained products is wasted.

Dairy brands are progressively advancing in their efforts toward animal welfare in dairy farming



1 in 5 consumers in US are concerned about animal welfare claims regarding dairy consumption.

Making animal welfare a priority

+16%

Average annual growth of animal welfare claims tracked in dairy launches (Global, CAGR 2022-2024)



Kalona SuperNatural Organic Cream Top Whole Milk

"From grass-fed

cows on small family farms that restore the environment.
Low temperature pasteurized milk in its most natural state.
Verified Land to
Market: proves that small family farms are improving ecosystem health."

US, Feb 2025



Vital Farms 90 Percent Grass Fed Salted Butter

"Pasture raised. Family farms. Made with fresh air and sunshine. At Vital Farms, our purpose is to improve the lives of people, animals and the planet through food. We're on a mission to bring ethically produced food to the table. The cows spend their time grazing outside during the warm months, that's an average of 200 days a year. 90% grass fed.

US, Aug 2024



Sustainable packaging: A critical component in the dairy industry's goal toward a sustainable future



of consumers in US have chosen products with environmentally friendly/less packaging.*

Fast-growing environmental packaging claims in dairy launches (YoY, 2024 vs. 2023)

1 Reusable* +244%

2 Compostable* +154%

3 Less Packaging +25%



"Whole milk French style yogurt blended with pina colada, in a 141g reusable glass jar."

US, Jan 2025

Sources: Innova Database, Innova Lifestyle & Attitudes F&B Survey 2024 (US),

Notes: Q

Q: *"Which actions have you taken to support the environment or social situation in the past 12 months?" (Select all that apply). *The growth of these claims is based on product launches with more than 15 products in 2023



Potential for AI in sustainable dairy farming for efficient livestock management

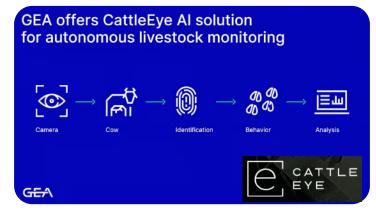


Environmental sustainability

is an area in which consumers would like to see Al-powered F&B developments.

From bytes to barn: AI for dairy farming







GEA & CattleEye launches AI powered Body Condition Scoring System for dairy cows



India, March 2024

eFeed launches AI-powered software platform for dairy firms to manage methane emissions



TREND #7



Taste the Glow



Trend 7. Taste the Glow

With the cosmetic industry booming, now is the time to bring beauty-enhancing features into food.



1 in 5

consumers globally have purchased F&B to **improve physical appearance/beauty** in the last year.

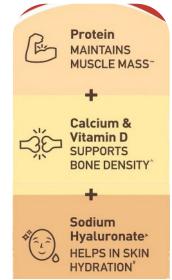
Top opportunity areas*



+21%

Average annual growth in new dairy launches with a skin health claim (Global, CAGR 2022-2024)





Nestle Health
Science Resource
Activ High Protein
Shake Health
Supplement
Powder With
Vanilla Flavor

Note: "skimmed milk powder" is #1 ingredient.

India, Jun 2024

Introducing Resource® Activ with the NewEdge formula which includes High Protein, Calcium, Vitamin D, Sodium Hyaluronate. It also contains Immunonutrients⁵ (Vitamin A, C, D, Zinc & Selenium).

Sources: Innova Trends Survey 2025 (Average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US), Innova Database Note: Q: "To what extent do the following physical appearance aspects concern you?"* (Sum of extremely concerned and very concerned).



Beauty from within: Interconnectedness of nutrition & appearance in dairy

Beauty inside & out

From gut-brain axis ...To gut-skin axis

of consumers in US look for dairy when they want to maintain/ improve physical appearance (skin, hair, nails...).

16%

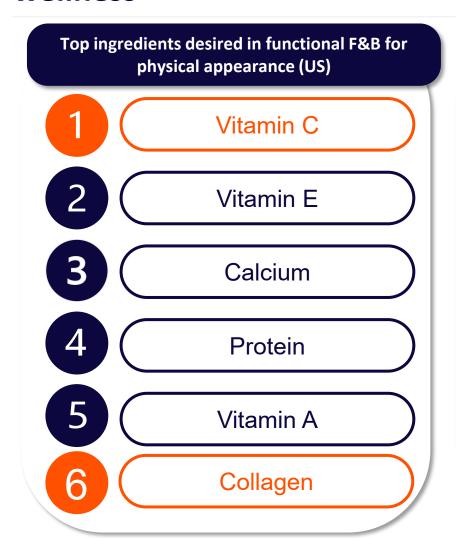




Lifeway Foods unveils first probiotic collagen smoothie with kefir cultures

United States, Dec 2024

Along with vitamins & calcium, US consumers seek collagen for beauty & wellness





Mokate Beauty Shake Smak Truskawkowy: Beauty Shake Powder

Poland, Nov 2024

A shake that combines a tasty strawberry flavor with the benefits of collagen and vitamin C – all you have to do is pour cold milk over the powder, mix thoroughly and it's ready.



TREND #9



Mindful Choices



Trend 9. Mood Food: Mindful Choices

As consumers prioritize their mental and emotional wellbeing, brands are crafting innovations that connect with their feelings.

High attention of consumers toward mental health



36% of consumers globally say:

Feeling mentally/emotionally well is their primary health goal.



Low association between mental health & functional F&B

Mental aspects for which consumers purchase functional food:

> **#1 None of the aspects** is a purchase driver

#2 Stress & anxiety

#3 Tiredness & fatigue

Sources: Innova Lifestyle & Attitudes F&B Survey 2024 (Average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US),

Innova Database, Vinamilk

Qs: "What are your main concerns related to your mental health?" "For which of the following mental health aspects have you purchased Notes:



Dairy brands are increasingly addressing stress management & sleep quality

+114%

Year-over-year growth of dairy launches tracked with a stress claim* (Global, YoY 2024 vs. 2023)



Treehouse Originals Cacao Coconut Creamer

"Help you respond to **stress**, **anxiety**, **fatigue** in a sustainable way. Contains MCT which is great for **mental function**."



consumers in **US** look for dairy to maintain/improve their mental health.

Crocetin creation: Meiji launching functional milk that supports vision and sleep

March 2024

- · Crocetin from Gardenia fruit.
- 100mg of tryptophan.



Nestlé's China new milk powder developed for sleep quality

China, Feb 2024

"Blend of bioactive ingredients on sleep:

Tryptophan, vitamin B, magnesium, zinc and nutrients combined with mulberry leaf extract."

Sources: Innova Database, Innova Trends Survey 2025 (US), Asahi, William Reed Ltd. (1), (2)

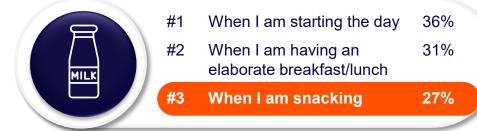
lotes: *New product launches tracked in a search for stress claims are added in the slide notes. Growing from a small base with less than 10 launches in 2023



Innovation in healthy snacking: Dairy products offering guilt-free treats

Consumers snack on dairy products









A Game Changer in Healthy Snacking: Introducing Kiri Petit Sweets® in Thailand!

September 2024

Nature Valley YoBark Strawberry Dairy Bark With Granola – US

- YoBark, a yogurt-based snack, gives families a tasty option and expands yogurt's presence in the snacking category.
- YoBark meets mom's health standards
 while offering a fun, snackable form that
 tweens enjoy. It's also shareable, tapping into
 tweens' social interactions.

November 2024



Processed cheese cubes with lemon tart strawberry fraisier flavors. High in calcium and low in calories.

Sources: Innova Category Survey 2025 (Average of 35 countries), Innova Database, <u>Dairy Herd Management</u>, <u>PR Newswire</u> **Note:** Q: "When do you consume dairy products?" (Top 3 responses)



Exploring indulgent dairy innovations to uplift mood

Consumers indulge to feel better



of consumers in **US** try indulgent/premium food and beverages to alleviate their mood.



"It's chasing life's pleasures, big or small-like this packet. And above all, it's putting Vel on everything you love, anywhere you are. Cheese lovers, this is the indulgence you've been waiting for. Now you can enjoy the deliciousness of Velveeta cheese on everything and anything-anytime and anywhere.

US, Jan 2025





What's next?

Observation	Opportunity
Fresh ingredients and rich flavors drive enjoyment	Focus on freshness and bold flavors Incorporate claims such as freshly sourced, farm to table or made with real dairy prominently on packaging to highlight ingredient authenticity. At the same time, elevate flavor experiences by using bold rich flavors or by exploring unique options to create memorable and indulgent taste profiles.
Consumers look for authenticity, real ingredients and no artificial flavors	Promote authenticity and health Increase the use of clean labels, focusing on claims such as real ingredients, no artificial flavors and authentic taste while incorporating storytelling about ingredient sourcing and traditional preparation methods to enhance authenticity.
Indulgence and taste remain top consumption drivers, yet health is important	Innovate with distinctive formulations Emphasize indulgent flavors and premium ingredients, highlight health-conscious attributes such as natural ingredients and healthier options through clean-label claims.
For nearly one-quarter of consumers (23%), health benefits contribute to food enjoyment	Highlight functional ingredients Highlight health benefits and nutritional content by using claims to meet consumer expectations. Consider fortifying products with added nutrients and promoting their functional benefits, to appeal to health-conscious shoppers who prioritize these attributes in their food choices.

Source: Innova Market Insights



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Midwest Dairy Contacts



Maureen Windisch
Sr. Manager, Business Insights
& Data Analytics
mwindisch@midwestdairy.com



Martha Kemper
Vice President, Dairy Experience
Business Development
mkemper@midwestdairy.com



Mitch Schulte
Vice President, Agricultural Affairs
mschulte@midwestdairy.com

