If you are responsible for growing your company’s dairy business over the foreseeable future, it can be a daunting task in today’s stagnant economy. While it may not always be obvious, there is a sea change occurring that can present great market opportunities for the observant company that develops new product offerings.

What is changing about dairy consumers? First, demographics: The latest U.S. census estimates that Hispanic and Asian consumers will double and non-Hispanic whites will not be the majority race by 2050. Many of these new Hispanic and Asian consumers have more diverse food interests. They like ginger, mango, coconut, melon, wasabi, tamarind, chipotle, curry and other spicy and tropical flavors.

Secondly, it has been estimated that more than 1 million foreigners have become permanent residents in the United States each year since 2005. This influx of people from different ethnic backgrounds will introduce all Americans to new cuisines.

Finally, the increased mobility of American consumers to travel the world, coupled with food education from television’s Food Network will introduce them to ethnic foods that have different flavors, textures and usage occasions. Increasingly, American consumers are just becoming part of a global consuming public.

Mintel estimates that ethnic food sales will reach a record $2.2 billion in 2009 and advance by another 20% by 2014. While Mexican/Hispanic food is the largest segment of this ethnic foods market, Asian and Indian food segments are also seeing double-digit growth.

How can these trends translate into dairy foods opportunities? Studying ethnic foods and determining which new or existing dairy products complement or become part of an ethnic food experience could be a key. In some cases, bringing flavors from “ethnic foods” as new flavor line extensions of dairy foods is the answer. Good examples are relatively new milk or ice cream flavors like green tea, lychee, dulce de leche or red bean. This approach provides the less adventuresome consumer a way to try familiar foods with an ethnic twist.

In other situations, authenticity may be important. In other words, bringing the authentic dairy food with the expected appearance, taste, texture and packaging as they were originally introduced to when they traveled abroad or as they ate at Mom’s house in their homeland when they grew up, may be essential to delivering the consumer quality expectations. For example, ghee, a milkfat product used for cooking in India, is similar in composition to clarified butter or anhydrous milkfat. However, in the process of removing all the moisture from the milkfat by heating, ghee develops a unique golden color and toasted flavor which is essential to the properties of ghee.

The United States has always brought good food ideas from other parts of the world and adopted them as its own. Recall, cheddar cheese got its start in England and was brought to America as an imported “specialty cheese.”

Much of what we see in specialty food stores are imported foods eaten every day in other countries and are a part of that
country’s culture. It was not too long ago (early 1900s) that Italian immigrants to the Eastern United States decided to introduce pizza. And pizza really did not fully catch on as an American favorite until after World War II, when GIs came home after being introduced to pizza. Now we can find pizza smothered in mozzarella cheese as regular fare of the American dining experience, and it has provided tremendous growth for many U.S. cheese companies.

Who will bring and introduce the next ethnic dairy food to the United States from their travels that will go mainstream as part of the American diet? What will be the next “pizza opportunity” for the dairy sector? Given the changing demographics over the next several decades, perhaps looking south (e.g., Mexico, Brazil, Argentina, Peru, Cuba, Ecuador, the Dominican Republic) or west (China, Thailand, Vietnam, Korea, Japan) of our borders can provide clues as to what the future may hold for dairy.

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