

Dairy Market Trends

Lowfat Milk Sales Slumping, Cottage Cheese Brands Grow

Lowfat milk sales are in a bit of slump after having undergone some measurable growth early in 2005. The second half of the year saw volume sales drop by as much as 3% per quarter. Meanwhile some brands of lowfat milk, in particular organic and other value-added milk products recorded impressive volume and dollar sales growth for the full year ended last Christmas. And while cottage cheese is relatively flat, a couple of the top-10 brands are building steam apparently thanks to in part innovative product offerings and packaging upgrades.

These numbers are from Information Resources Inc., and reflect food, drug and mass merchandiser retail sales, excluding Wal-Mart.

First, we look at quarterly sales of lowfat milk sales. In the quarter ended December 25, sales were pretty much flat when measured by dollars, but down more than 3% by unit measurement. In the three periods prior to that, unit sales had been on the increase.

Looking down to the top 10-brands table, the total category was pretty much flat for the 52 weeks ended December 25.

Private label milk makes up the bulk of milk sales, but brands like Lactaid 100 and Horizon Organic grew significantly last year, while private label and many regional brands were mostly shrinking. The Dean's brand showed some growth as did Mayfield, and Organic Valley has worked its way into the top 10, growing at a nice clip.

Cottage cheese is demonstrating a similar pattern. Overall, sales are pretty listless, but a couple of brands are doing well.

Quarterly unit sales were up or down just a fraction of a percentage point during the most recent three quarters. Private label sales are down slightly for the 52 weeks ended last Christmas.

Breakstone is the top brand, and sales in its regular line grew by about 2% for the period. But its Cottage Doubles line, which includes an innovative compartmented fruit for mixing with the cottage cheese, is growing by double digits more than two years after its introduction. The Dean's line is also growing nicely with nearly a 4% jump in unit sales for the year. That's the first full year since Dean Foods revamped the packaging for its Dean's brand cottage cheese, sour cream and dips.

Marketing, supply chain management, and price fluctuations based on commodity prices all have some impact on sales in the basic dairy categories, but evidence here suggests that innovative, value-added products offer a great return on investment. ■

Quarterly Sales of Lowfat Milk

Reporting period 13 weeks ended	Dollar sales (millions)	% change vs. yago	Unit sales (millions)	% change vs. yago
12/25/05	\$1,683	0.36%	671	-3.06%
9/25/05	\$1,654	-4.82%	675	-1.50%
6/26/05	\$1,655	-2.93%	676	0.90%
3/27/05	\$1,758	9.08%	710	1.55%
12/26/04	\$1,677	2.50%	692	0.88%
9/26/04	\$1,738	12.24%	685	-1.30%

Source: Information Resources Inc.

Top 10 Brands of Lowfat Milk

Brand	Dollar sales (millions)	% change vs. yago	Unit sales (millions)	% change vs. yago
Private Label	\$4,227	-0.02%	1,754	0.20%
Lactaid 100	\$209	9.79%	62	4.54%
Horizon Organic	\$122	23.69%	33	17.12%
Kemps	\$88	-4.13%	34	-6.88%
Deans	\$83	6.39%	38	2.76%
Garellick Farms	\$71	-0.56%	31	-1.96%
Prairie Farms	\$66	-8.03%	29	-6.70%
Hood	\$66	-5.25%	25	-5.39%
Mayfield	\$66	5.65%	19	1.16%
Organic Valley	\$59	7.64%	16	2.77%
Total Category	\$6,750	0.28%	2,733	-0.53%

52 weeks ended 12/25/05

Source: Information Resources Inc.

Quarterly Sales of Cottage Cheese

Reporting period 13 weeks ended	Dollar sales (millions)	% change vs. yago	Unit sales (millions)	% change vs. yago
12/25/05	\$194	-1.05%	93	-0.38%
9/25/05	\$221	-0.54%	106	0.58%
6/26/05	\$224	-1.05%	108	0.19%
3/27/05	\$221	-0.88%	107	-1.51%
12/26/04	\$197	0.94%	93	0.03%
9/26/04	\$222	-1.20%	105	-2.20%

Source: Information Resources Inc.

Top 10 Brands of Cottage Cheese

Brand	Dollar sales (millions)	% change vs. yago	Unit sales (millions)	% change vs. yago
Private Label	\$306	-1.53%	159	-0.41%
Breakstone	\$85	2.24%	33	2.17%
Knudsen	\$76	0.04%	28	-0.21%
Breakstone Cottage Doubles	\$31	14.58%	29	15.97%
Deans	\$30	6.92%	13	3.53%
Friendship	\$28	2.00%	14	2.99%
Hood	\$22	-0.72%	10	-4.20%
Prairie Farms	\$19	6.08%	9	2.89%
Light N Lively	\$17	-8.23%	6	-8.66%
Hiland	\$13	-10.04%	7	-10.51%
Total Category	\$861	-0.88%	414	-0.28%

52 weeks ended 12/25/05

Source: Information Resources Inc.