

November 2011

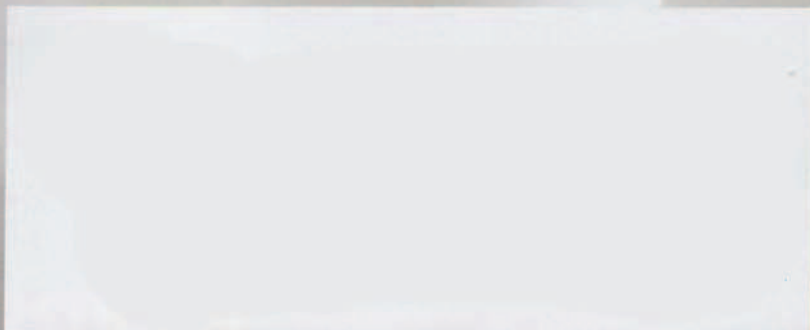
Innovative Ideas for Dairy Processors

# Dairy

## FOODS

# STATE OF THE INDUSTRY

# 2011



  
TOM CAMERLO  
**EXPORTER**  
OF THE YEAR  
**AWARD**

# Ice Cream Makers Keep Their Cool

Despite high energy costs, uncertain ingredient prices and a weak economy, processors continue to develop new ice cream and novelty products and flavors.

■ **Jim Carper** *Chief Editor*

**R**ising ingredient prices and slow sales are not a great recipe for profitability. But that's exactly what ice cream processors are dealing with: Cocoa prices have been rising steadily and so have those for guar gum.

**Perry's Ice Cream Co.** doesn't sugarcoat the situation. "Commodity pricing pressure has forced higher retail and higher promotional price points, which has led to lower unit sales," says a spokeswoman for the Buffalo, N.Y.-based processor.

Then there are the general economic and competitive conditions in the United States that knocked out one processor this summer (**Yarnell's**, Searcy, Ark., shut down) and staggered another in October (**Friendly's**, Wilbraham, Mass., filed for Chapter 11 protection).

Nevertheless, processors have continued to innovate with flavors, product extensions and marketing programs.

In April, international food giant **Unilever** rolled out its super-premium Magnum stick novelty to the United States. The treat, made with vanilla bean or chocolate ice cream and enrobed in a thick coating of Belgian chocolate, competes against Mars' Dove bars.

The Magnum bar retails for a suggested price of \$2.59 and a three-count multipack for \$3.99 at Walmart, Target, Safeway, Kroger and other retailers. The ice cream bars are available in six flavors: classic (vanilla bean ice cream), almond, double caramel, double chocolate, white (vanilla ice cream with a white chocolate coating) and dark (vanilla bean ice cream dipped in 60% cacao Belgian dark chocolate).

Unilever's ice cream and novelty portfolio includes Ben & Jerry's, Breyers, Good Humor, Klondike and Popsicle.



■ A small-bite ice cream cake from Baskin-Robbins comes in four flavors and sells for about \$3.

"In 2011, Unilever's ice cream brand's innovations are driving growth," says Mike Hurley, senior brand manager for Magnum Ice Cream, Klondike and Good Humor. Citing Magnum's launch and new products from its other brands, Hurley says, "Unilever is contributing great innovations to the industry, and consumers should expect the same in 2012."

Eight new flavors in Breyers' Blasts! line use candy and cookie brands, including Oreo and Chips Ahoy (licensed from **Kraft Foods**) and Mrs. Fields.

## Ice Cream Processors Are Talking About:

- Rising ingredient prices
- High retail slotting fees
- Culinary influences on flavors, like fleur de sel
- Competition from other frozen desserts

## Ice Cream Dollars Rise While Units Drop

Rank	Brand	Dollar Sales (millions)	% change vs. yago	Unit Sales (millions)	% change vs. yago
1.	Private Label	\$1,013.9	+2.4	328.5	-5.1
2.	Breyers	\$412.1	-6.4	119.2	-14.7
3.	Blue Bell	\$326.8	+10.2	84.6	+3.2
4.	Dreyer's Edy's Slow Churned	\$281.5	-5.5	77.6	-8.8
5.	Häagen-Dazs	\$258.4	+5.0	66.5	+0.6
6.	Ben & Jerry's	\$227.2	+6.2	64.0	-0.5
7.	Dreyer's Edy's	\$143.2	-5.9	40.8	-9.4
8.	Dreyer's Edy's Fun Flavors	\$142.9	+9.4	40.0	+4.8
9.	Wells' Blue Bunny	\$140.7	+8.3	36.6	-0.5
10.	Turkey Hill	\$131.7	+9.0	47.3	+10.7
	Total category*	\$4,010.3	+1.1	1,173.1	-4.5

\*Includes brands not shown. Total U.S. - Supermarkets, drug stores and mass merchandisers (excluding Wal-Mart). 52 weeks ended Aug. 7, 2011.  
Source: SymphonyIRI Group, a Chicago-based market research firm. www.symphonyiri.com

The Popsicle brand was built on Unilever's partnership with the Hershey's Jolly Rancher brand, entered the market in Blue Raspberry/Cherry and Grape/Green Apple flavors and is sold in 20-count packages. Pops are made with 10% fruit juice and provide 10% of the daily value for vitamin C per serving. One fat-free treat contains 45 calories.

Popsicle also partnered with AirHeads (a taffy-like chewy candy from Perfetti Van Melle Benelux) on a line of fat-free ice pops. The 50-calorie ice pops are sold in 18-pack cartons in strawberry, blue raspberry, watermelon and White Mystery flavors.

Klondike, Unilever's brand of stickless bars, added a new flavor: mint chocolate chip, featuring light ice cream with chocolatey flakes and a dark chocolate-flavored coating. Klondike's new What the Fudge? brownie ice cream sandwich is made with an artificially flavored vanilla light ice cream with a chocolate fudge core, sandwiched between a chocolate brownie. Klondike packaged its popular Choco Taco into a four-pack for grocery store sales nationwide. This taco is made with an artificially flavored reduced-fat vanilla ice cream with a chocolate-flavored swirl in a sugar taco with milk chocolate-flavored coating and peanuts.

Another ice cream processor taking flavor cues from the candy industry is Mars. Ellen Thompson, marketing director for Mars Ice Cream, said in 2011 the company focused on its new Dove Peanut Butter Swirl novelty, along with flavor extensions of its branded pints.

"Our key message for Dove was communicating the indulgent combination of real ice cream and silky smooth Dove Chocolate. Our Snickers marketing was focused behind letting consumers know they can have the delicious taste of Snickers bar in ice cream," Thompson says.

### Looking for a competitive edge

Regional and local ice cream processors compete against national brands by taking advantage of a loyal fan base, trying new flavors, exploiting their local roots and identifying niche markets and preferences. For example:

- **Bang Caffeinated Ice Cream**, Madison, Wis., makes a super-premium ice cream with caffeine (which it calls "everyone's friend"). A scoop contains 125 milligrams of caffeine, which the company calls equivalent to the amount in a large energy drink. The company's Iced Latte Da earned second place in the Open Class Ice Cream category in the Wisconsin Dairy Products Association's 2011 contest. Bang's caffeinated ice cream is available in three other flavors: Peanut Butter, Cookie Mint and Heaps of Gold! The company sells pints to local grocers, other local ice cream shops and online.
- Non-dairy frozen dessert processor **Bliss Unlimited**, Eugene, Ore., launched four new flavors of its premium coconut milk ice cream made with coconut sugar and superfoods. The flavors are Ginger Cookie Caramel, Chocolate Walnut Brownie, Mocha Maca Crunch and Lunaberry Swirl. The privately owned producer uses organically grown coconut milk, agave syrup and coconut sugar. All the new flavors are free of soy, dairy, gluten and cane sugar. Plus, the ingredients are certified organic, non-GMO and fair trade-sourced when possible, the company claims.
- **Salt & Straw Ice Cream**, Portland, Ore., carved out a niche as a small-batch processor tapping into consumer interest in local foods and sustainable practices. Owner and culinary director Kim Malek says the company's marketing focus is "farm to cone ice cream.

We personally get to know the folks who provide our ingredients and develop a partnership in developing our flavors. In Portland, people enjoy unique flavors from sources they know and are willing to pay more to support companies who deliver. These trends drive sales because one is able to fetch a premium price for a hand-crafted product."

In 2012, the company plans to extend its flavors

- Beginning in March 2012, Mars Ice Cream will ship Milky Way chocolate ice cream miniatures. The 80-calorie bars ship 12 to a package.



## Talenti Gelato Makes Top 10 for Sherbet/Sorbet/Ices

Rank	Brand	Dollar Sales (millions)	% change vs. yogo	Unit Sales (millions)	% change vs. yogo
1.	Private Label	\$75.9	+1.8	32.6	-2.6
2.	Häagen-Dazs	\$30.7	-3.6	8.5	-7.4
3.	Dreyer's Edy's	\$8.9	-14.6	2.4	-17.3
4.	Blue Bell	\$7.4	+16.3	2.9	+8.5
5.	Ciao Bella	\$6.5	+57.4	1.7	+72.3
6.	Whole Fruit	\$6.5	-1.0	2.3	+0.1
7.	Kemp's	\$6.2	+8.5	2.3	+4.7
8.	Prairie Farms	\$4.9	+10.3	1.7	+3.1
9.	Dean's	\$3.4	+3.7	1.4	-4.9
10.	Talenti	\$3.2	+30.8	0.7	+35.2
	<b>Total category*</b>	<b>\$183.5</b>	<b>+1.4</b>	<b>66.8</b>	<b>-2.2</b>

\*Includes brands not shown. Total U.S. - Supermarkets, drug stores and mass merchandisers (excluding Wal-Mart). 52 weeks ended Aug. 7, 2011.  
Source: SymphonyIRI Group, a Chicago-based market research firm, [www.symphonyiri.com](http://www.symphonyiri.com)

into new forms and expand into other channels and retail locations. Like most ice cream processors, Salt & Straw offers limited-edition flavors because they generate interest and excitement. Salt & Straw sells its flavors in its shop and online (\$65 for five hand-packed pints). Its Thanksgiving flavors (available until Nov. 24) are:

- Bourbon Pecan Pie (fresh pecans, molasses, brown sugar and whiskey from Stone Barn on Portland's Distillery Row)
- Brown-Bread Stuffing (sweet brown bread, savory herbs, fresh roasted Oregon chestnuts and tart apricots)
- Mince Meat (cinnamon clove ice cream swirled with currants, ginger-candied oranges and shortbread cookies)
- Blood Orange Cranberry (cranberries and ribbons of blood orange marmalade)
- Pumpkin Cheese Cake (pumpkins, sweet brown sugar, spices and creamy chunks of cheesecake)

The Holiday collection (sold from Nov. 25-Jan. 1, 2012) consists of Peppermint Cocoa, Gingerbread with Hard Sauce, Eggnog with Butter Rum Caramel, Sweet Potato Marshmallow and Bourbon Pecan Pie.

### Making a move

Strong regional brands look to expand beyond their home base. "One of our greatest opportunities and strengths for 2011 was our entry into the Denver market," says Carl Breed of Brenham, Texas-based **Blue Bell Creameries**. "Before entering the market, we realized the sales for the ice

- Blue Bell Creameries of Texas developed Rocky Mountain Road when it decided to enter the Denver market. Black Cherries & Chocolate Chunks is one of six new flavors developed by Pierre's Ice Cream for its Yovation probiotic frozen yogurt.

cream category in Denver were down throughout the years, which indicated there was room for growth. We entered the market in March with a full-fledged marketing campaign and a new market half-gallon flavor exclusively available to Coloradoans—Rocky Mountain Road. Sales and consumer acceptance have been outstanding."

Blue Bell uses a prominent red ribbon on the principle display panel to remind shoppers that they are buying a true half gallon. "Consumers are taking note that our carton is larger than most other brands," Breed says.

This year, Blue Bell introduced six new ice cream flavors and three to four frozen snacks or novelties. It plans a similar number of introductions in 2012. A successful product extension has been frozen fruit bars.

"Since our Strawberry Fruit Bar was so successful last year, we knew there was room for expansion within our all-natural fruit bar line. This led to the introduction of our new Lime and Peach fruit bars," Breed says.

The bars are high in vitamin C and made with real fruit and all-natural ingredients. The lime bar has 80 calories and contains 50% of the Daily Value of vitamin C. A peach fruit bar has 70 calories and 100% of the Daily Value of vitamin C.

**Gifford's Dairy**, Skowhegan, Maine, is pushing beyond its New England trading area and into Pennsylvania, Long Island, N.Y., and New Jersey, says Lindsay Gifford-Skilling, vice president of sales. A two-time Grand Champion winner of the Wisconsin Dairy Product Association's dairy product contest, Gifford's makes a slow-churned, high butterfat and low-overrun ice cream in 1940-era freezers. The processor came out with a new logo and new packaging in order to give the ice cream a more premium look, Gifford-Skilling says. Rather than using scoop shots, the packages have images of ingredients, like blueberries, for example. (Like Blue Bell, Gifford's packages in true half-gallon containers.)

**G.S. Gelato**, Fort Walton Beach, Fla., moved into production of frozen yogurt. Its new division, called Yogurtiamo, sells one-gallon plastic jugs to frozen yogurt shops, coffee shops, restaurants and theme parks. Among the 17 flavors are blueberry pomegranate, blood orange and cookies and cream.





## Where do flavors come from?

Ice cream processors stay tuned into culinary trends and consumer preferences.

"Our products are in line with consumer-preferred desserts that are often driven from restaurant and des-

sert shops, e.g. Red Velvet Cake," says Marissa Wilson, communication manager for Perry's Ice Cream.

"In 2011, our focus has been on consumer demanded flavors such as Red Velvet in our bulk tub line and Banana

■ Muse gelato, from processor Molto Gourmet Foods, Orlando, is packaged in containers resembling Chinese take-out cartons (bottom row).

Cream Pie in our 48-ounce packages. In 2012, we will continue our focus of consumer-preferred flavors with cleaner ingredient decks," she adds.

**High Road Craft Ice Cream & Sorbet**, Atlanta, looks to the culinary world for flavors. At the July Fancy Food Show in Washington, D.C., High Road introduced pints of what it calls "chef-inspired flavors," including Bourbon Burnt Sugar, Vanilla Fleur de Sel and Red Berries & Prosecco sorbet. The company had been selling primarily to foodservice accounts, but owner Keith Schroeder says he "quickly discovered how sophisticated the home cook has become," so the company developed retail packages.

**Carvel Ice Cream** looked in the grocery store cookie aisle for inspiration, partnering with Nabisco brands Oreo, Nilla Wafers and Nutter Butter. This summer, the Atlanta-based ice cream retailer served three Cookie Trio Sundae Dashers made with its premium hand-dipped ice cream and cookie toppings. The Oreo sundae incorporated vanilla ice cream and fudge. Nutter Butter peanut butter ice cream was infused with chunks of the cookies and a peanut butter topping. Nilla Wafers used banana ice cream blended with marshmallow.

**Pierre's Ice Cream**, Cleveland, found a new flavor within its own plant. The processor's lead flavor man, Ray Kralik, proposed Ray's Root Beer Float. This year, the company, which also makes fruit sorbets, sherbets and frozen yogurts, unveiled nine new flavors across all of its product lines. The company developed six new flavors of its Yovation probiotic frozen yogurt, including Black Cherries & Chocolate Chunks, Butter Pecan, Cappuccino and Moose Tracks. The ¡Hola Fruta! pure fruit sherbet product came out with a Black Cherry Lemon flavor, which the company says became "a quick favorite."

For 2012, Pierre's has a Mango Sorbet on tap, a new flavor for ¡Hola Fruta! and two lactose-free flavors in its line of premium ice cream.

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■ Carvel's sundaes incorporate the popular cookie brands Oreo, Nilla and Nutter Butter.

To develop new products, Salt & Straw's Malek says "we sit across the table from our suppliers, look them in the eye and collaborate on how to make the best possible ice cream with their products. This has the result of one plus one equaling three. We really get to know the people behind the ingredients and work together to create the best possible ice cream recipes."

Processors often use their scoop shops to test flavors and flavor combinations.

"Our customers inspired us to create fresh flavors and we interacted with them face to face," says Brandon Moss, president of Muse Gelato, the retail brand of processor **Molto Gourmet Foods**, Orlando. Its flavors include Bourbon Pumpkin Spice, Stilton Blue Cheese and Port Wine, Maple Bacon Brulee and Gingerbread Cheesecake.

"Additionally we feel the Muse Gelato brand is more than artisan gelato or gourmet frozen desserts — it's a culinary inspired product. The experience of Muse Gelato is in its intense and natural flavors, not the candy mixed in. It's a frozen dessert with a culinary foundation and inspiration from the soul. In such a competitive marketplace, we need to differentiate our brand as a product with heart and soul, and our marketing will reflect this."

Other processors turn the search for new flavors into a contest. Andre Dager of **Velvet Ice Cream**, Utica, Ohio, says the company's Create-A-Flavor contest "helps bring our buy-local efforts to consumers that value that philosophy."

This year's winner, Honey Caramel Ice Cream, incorporates made-in-Ohio honey.

## Blue Bunny, Turkey Hill Gain in Frozen Yogurt/Tofu Segment

Rank	Brand	Dollar Sales (millions)	% change vs. yago	Unit Sales (millions)	% change vs. yago
1.	Private Label	\$45.0	+22.5	13.5	+13.6
2.	Dreyer's Edy's Slow Churned	\$33.3	-11.6	8.8	-15.1
3.	Ben & Jerry's Lighten Up	\$18.3	-1.7	5.2	-7.7
4.	Häagen-Dazs	\$16.8	-5.1	4.5	-8.0
5.	Turkey Hill	\$9.9	+98.1	3.3	+100.6
6.	Kemp's	\$9.8	+24.1	2.7	+19.9
7.	Purely Decadent	\$8.7	+13.9	1.8	+11.0
8.	Wells' Blue Bunny	\$8.5	+101.0	2.5	+114.0
9.	Organic So Delicious	\$8.1	-7.2	1.6	-8.0
10.	Kemp's Live Healthy	\$6.2	+14.8	1.7	+12.5
	Total category*	\$208.2	+6.0	57.0	+2.7

\*Includes brands not shown. Total U.S. — Supermarkets, drug stores and mass merchandisers (excluding Wal-Mart). 52 weeks ended Aug. 7, 2011. Source: SymphonyIRI Group, a Chicago-based market research firm, [www.symphonyiri.com](http://www.symphonyiri.com)

National brand **Baskin-Robbins** sorted through 40,000 entries and held a nationwide vote in its first ever "Create Baskin's Next Favorite Flavor" contest. The winner, Toffee Pecan Crunch, combines chocolate ice cream, a caramel ribbon and crunchy bites of Heath bar and pecans.

The company is also expanding the frozen dessert category with its Cake Bites, launched in October. The bite-size ice cream and cake desserts come in four flavors: Double Chocolate, Praline Caramel, Chocolate Mint and Vanilla Blondie. One sells for \$2.99 and a mix-n-match four-pack is \$9.99.

Baskin-Robbins is following the trend of packaged ice cream processors by selling small, single-serve sizes that encourage trial and accommodates different taste preferences of family members.

"The Cake Bites provide franchisees an opportunity to grow their ice cream cake sales. If a consumer has not yet tried a Baskin-Robbins full-size customized cake, the Cake Bites are the perfect opportunity to attract consumers to grow cake sales," says Andrew Mastrangelo, manager of public relations. "Consumers always have something to celebrate whether it's a birthday, anniversary, promotion, holiday."

That's a sentiment many ice cream processors hold. Ice cream is not a "must-have" food, but the public loves it and buys it for special occasions.

"We manufacture a comfort food, and in difficult times, people turn to trusted brands," says Luconda Dager, president of Velvet Ice Cream. ■