

# Dairy rising to all the challenges

Fonterra's Jacqueline Chow comments on global consumer trends driving international dairy consumption. The consumer and food service industries in 80 countries generate \$6.5 billion turnover for the co-op.



Jacqueline Chow,  
Fonterra.

**AT FONTERRA** we're constantly looking at the latest food trends and what consumers want, using our expertise in milk collection, manufacturing, supply chains and dairy manufacture to offer consumers an age-old food in modern forms.

In dairy innovation we have invested at least \$1 billion in the past 10 years. Our consumer and foodservice business has grown by \$1.5b from 2012 to 2016.

Dairy food is totally on trend with what consumers want today. Our farmers' high quality milk is nature's provision for consumer food wants.

- 1. Natural authentic whole foods. Increasingly people want to eat foods as nature intended them to be. They want foods to be naturally authentic, as close as possible to their natural state - less processing, fewer additives and less intervention. They want to eat real butter, real cream and real milk with the taste that comes from natural products. We expect to see more people wanting full fat and reduced fat rather than no-fat dairy products.
- 2. 'Good for you' foods. Health and nutrition matters. Health credentials are key drivers of brand and product choice globally. Increasingly people want to eat foods that will enhance their health and wellbeing and perform a function in their diet. They are looking for ingredients to improve gut health and digestion, fortify bones, boost immunity or provide other vitamins and minerals relevant to their stage of

life -- pregnancy, infant and child nutrition, and healthy aging.

- 3. Sustainable diets. People want to choose foods less harmful to the environment and the communities that produce them; they want food to be ethically sourced, sustainable and from renewable resources; they want to know that food manufacturers have a record of moral, ethical and socially responsible behaviour.
- 4. Grass-fed grazing. As part of a push to understand where natural food is coming from and to bring more trust, confidence and transparency, people are becoming interested in

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eggs, dairy and meat that are grass-fed. Provenance is as important as ever, and exactly how the food was produced and what inputs were used are becoming important. Consumers are demanding transparency through the supply chain right back to what the animal was eating.

- 5. Protein craze not just for athletes. People are looking for sources of high quality protein in food and beverages and we can expect to see more scientific research showing the benefits of increased protein intake for adults, moving protein

supplements away from the preserve of the gym set and more into the 'everyday'.

- 6. Less sugar. Less is more. People are looking for foods that will help them reduce their intake of sugar and bring more benefit. It is becoming more widely understood that less sugar is in fact a key to weight management and to managing or preventing many health issues.
- 7. Healthy snacking. People are looking for grab-and-go foods that are healthy and conveniently packaged. This is true of working adults, single person households and for children's nutrition. Whether it's

a quick dinner on the way home from work or something to throw in a child's lunch box, people are looking for easy ways to incorporate more tasty and healthy options into

their diet. We expect that consumers will be looking for more healthy foods packed in convenient single-serve formats.

- 8. Gourmet convenience. There is a big push to cook like a 'masterchef' at home with high quality ingredients, but people want a few shortcuts to help them achieve 'masterchef' outcomes without actually having to be a master chef.
- 9. Permissible indulgences. Health conscious consumers still want to enjoy some pleasures so to help justify an indulgence they are for looking

indulgences that contain more wholesome or natural ingredients. Greek yoghurt with berries becomes a permissible treat.

- 10. Good enough to Tweet. The digital revolution makes the smartphone an indispensable utensil for searching, eating and dining, e.g. sharing images of their food creations or taking a quick snap of a restaurant meal. Eating is more social, interactive and authentic than ever before. People will become increasingly interested in the look of food and what their food says about them; they will be influenced by what their peers are eating, and new food trends will be borne out of social media.

- 11. Dairy as premium food. Desire for 'high-end' dairy is happening with improvement of life standards and income. Milk is at the core of added-value tasty and healthy beverages or food launched with packaging innovation for gifting or for specific channels like e-commerce.

Fonterra will keep investing in dairy science, sustainability, nutrition and packaging innovation to make sure we are creating high value dairy products to meet the most contemporary consumer demands. Dairy is an age-old industry ready to meet consumer food needs.

• *Jacqueline Chow is Fonterra's chief operating officer global consumer and foodservice.*