

Ice Cream Market Trends & Drivers

The top two decision drivers in ice cream purchases are first, flavor, and second, price. Plain chocolate and vanilla still win out over any other flavor, with 31% of the market. Common sense in a flagging economy says that people will choose the best tasting ice cream with the best price. They are more likely to look for their favorite brand on sale than they are to settle for a bulk, generic brand that always costs less, if the flavor and texture of the bulk brand are not good quality. This partially accounts for the fact that 78% of people prefer to buy from supermarkets rather than from a mass merchandiser, club store, or dollar store where selection is limited or quality is perceived as lower.

Other outlets such as specialty ice cream stores, health food stores, drug stores, and convenience stores are perceived to have fewer selections and to be more expensive. The fact that store brands and private label brands outsell any famous brand means that consumers have are more likely to look for their favorite private label or store brands on sale at the grocery store. Even though convenience stores and drug stores may carry some of the same famous brands as grocery stores, those purchases tend to be more impulse buys than planned buys.

The bulk of ice cream sales go to children, ages 13-17, and to adults over the age of 65. This is good news in terms of the rising numbers of older baby boomers, but, even though the largest portion of sales goes to children, studies show that sales to children are steadily declining. At first the decline was perceived to be a result of *fewer* households with children, but that reason is offset by the fact that households with children are having *more* children than families in the recent past.

It seems more likely, then, that the reason for the decline of sales among children is due to the current health trends. The public's greater awareness now of epidemic obesity (especially childhood obesity) and Type II Diabetes is becoming a major factor in ice cream sales. Fewer parents are choosing ice cream treats for their children because they no longer feel good about the effects of ice cream on their children.

Of all spoonable desserts (ice cream, frozen yogurt, pudding, flavored gelatin, sherbet, sorbet and ices), ice cream represents nearly 75% of the sales. However, the only spoonable desert showing rising sales from 2008 onward was frozen yogurt as people began to choose healthier options for dessert.

Such health awareness must be considered in future innovations in ice cream. While only 10% of people surveyed indicate any interest in such healthy flavor innovations such as açai berry or green tea flavors, what they are looking for is their favorite indulgences to become healthier without sacrificing flavor or texture. That presents a real challenge to ice cream manufacturers.

Currently, "healthier" ice cream is perceived as synonymous with "less tasty." Despite the higher price, individual novelties have risen in sales among adults because, at the moment (given the current options), more health-conscious adults prefer to indulge in a portion-controlled form.

People are not running to buy ice cream at health-food stores, despite the obvious fact that said ice cream would be healthier, because 1) organic ice cream is priced nearly out of the realm of

possibility for families, and 2) because other “healthier” ice creams are made of ingredients that are often an acquired taste such as soy and almond milk.

Even though many of the current diet trends encourage their constituents to avoid dairy products all together, the prevailing wisdom is that some fat (the right fats) are good for you, and that higher protein and fat herald greater satiety. Therefore, many health conscious, instead of eschewing ice cream all together, people still will eat ice cream but perhaps in lesser quantity now.

Recommendations for development as the current health trends continue to rise and result in a better informed public:

The trend toward “all-natural” ice creams with shorter ingredients lists promoting fewer chemicals and more recognizable ingredients as well as the absence of high fructose corn syrup. Think in terms of purer, fresher ingredients which imply minimal processing.

Healthier versions of current brands and familiar flavors (especially the ubiquitous chocolate and vanilla) packed with antioxidants, probiotics, essential fatty acids, increased Vitamin D3 along with Vitamin K—all ingredients which promise benefits such as increased immunity and higher digestibility.

A great opportunity exists in a healthier ice cream marketed for all-family consumption. Parents will be more likely to go for a healthier ice cream as long as it still pleases the children, meaning that taste cannot be compromised. That will definitely be a challenge for the ice cream industry, but not an insurmountable one.

Desired values to demonstrate in this trend will be those of wellness, balance, and purity. However, it is not suggested to capitalize on the trend without delivering. The increasingly savvy consumer will not go for something touted as “healthy” while showing otherwise. While in the past some brands may have seen an upswing in sales by using a slogan implying a return to old-fashioned food values, the label readers will soon be passing up that brand when they realize that it’s still full of corn syrup, gum carrageenan, and artificial flavor.

The US would do well to look to European ice creams. US-made gelato may be popular, but likely only because most people haven’t tasted the European versions. The Europeans manage to make gelato with much less butterfat and purer ingredients without compromising taste at all. Good gelato contains less than 5% butterfat while typical US ice cream contains up to 18% butterfat. It is often rich in egg yolks instead of a cream base, and nut pastes instead of carrageenan. The gelato process introduces less air into the ingredients resulting in a product that is rich and dense, a highly desirable texture. It is frozen at 10 degrees higher than the average ice cream freezer in the U.S. which also allows it to retain its smooth creaminess.

The US ice cream innovator simply has to think outside the box but it’s not completely necessary to re-create the wheel. Healthier products are produced elsewhere without sacrificing taste or being seen as “less than.” This is what a greater part of the increasingly health-conscious sector will soon demand.