

Dairy Ingredients - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Dairy Ingredients Market size is estimated at USD 62.5 billion in 2024, and is expected to reach USD 76.27 billion by 2029, growing at a CAGR of 4.06% during the forecast period (2024-2029).

Key Highlights

- Dairy ingredients have been widely used in the food industry due to their functional and nutritional properties. For example, milk proteins, such as casein and whey protein, are often used as functional ingredients in food products due to their emulsifying, foaming, and gelling properties.
- In addition, dairy ingredients are also rich in essential nutrients such as calcium, vitamin D, and vitamin B12, which are important for bone health, immune function, and energy metabolism. Fortifying foods with dairy ingredients can provide consumers with a convenient and accessible way to obtain these important nutrients. Moreover, dairy ingredients can also enhance the taste, texture, and appearance of food products, making them more appealing to consumers. For example, butter, cream, and cheese are commonly used in baked goods, sauces, and dips to provide richness and flavor.
- Overall, the demand for functional and fortified foods has led to an increase in the use of dairy ingredients in the food industry as manufacturers seek to create products that are both nutritious and appealing to consumers. Ingredients, such as milk powder, are being used in infant formulas and sports drinks. The millennial population in the Asia-Pacific region is growing, so the demand for food and beverages is also rising. The trend of high-protein food and drinks has been rapidly gaining popularity worldwide. Manufacturers have been increasingly using protein claims in their food and drink launches due to the growing demand from health-conscious consumers.
- Over the past few years, the number of high-protein food and drink launches has significantly increased, making it one of the fastest-growing claims in the food and drink market. This trend is driven by a growing awareness of the health benefits of protein, including its ability to promote satiety, build and repair muscles, and support overall health.

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-European consumers are actively seeking more milk protein in their meals, beverages, and snacks. The geriatric population in Germany has been increasing, with 22.09% of the population aged 65 and above in 2021, according to the Organization for Economic Co-operation and Development (OECD). This demographic trend has led to rising demand for medical and nutritional products to help maintain bone and muscle health among the elderly. Dairy ingredients are enriched with essential minerals such as calcium and phosphorus, crucial for bone health. Therefore, the demand for dairy ingredients has been increasing, as they are considered an important source of these minerals.

-Additionally, dairy ingredients are a good source of protein, which is important for maintaining muscle mass and strength. The manufacturers of sports nutritional products widely prefer functional dairy ingredients like whey protein due to its wide availability, strong amino acid profile, and easy digestibility. Meanwhile, the consumption of sports nutrition has increased among fitness enthusiasts and active lifestyle consumers as it aids in gaining energy and muscle and supports weight management. Thus, the increasing demand for whey-based sports nutritional supplements is driving the growth of the dairy ingredients market.

-Additionally, consumers and athletes are looking for natural and less processed nutritional solutions with proven benefits. Many dairy ingredient manufacturing companies are launching new nutritional solutions to support sports nutrition manufacturers. For instance, in December 2021, Lactalis Ingredients launched high-protein concepts with two native protein sources, including Ponativ's Native Micellar Casein and Pronativ's Native Whey Protein targeting sports nutrition and healthy aging.

-US consumers are prompting food and beverage manufacturers to include functional whey protein in the packed food products as it helps to replace the high-fat ingredients and maintains the same flavor and texture similar to the original formulation. Thus, the growing consumer demand for whey protein in packed food products is further propelling the growth of dairy protein in the market.

-There is a growing awareness among consumers about the benefits of dairy protein for maintaining a healthy lifestyle. Dairy proteins are rich in protein and have a superior content of amino acids. Ingredients such as whey protein, milk protein, and casein are also known for their anti-aging properties. Besides staying healthy, consuming dairy proteins also help reduce stress and improve immunity. They play a vital role in the growth of a child. As a result, the demand for dairy ingredients has increased globally.

Dairy Ingredients Market Trends

Increasing Milk Production Supporting the Demand for Dairy Ingredients

- The demand for more functional food and beverage products, driven by consumers' interest in health and wellness, has led to an increase in the use of milk protein in the market. According to Food and Agriculture Organization Corporate Statistical (FAOSTAT) Database, India is the world's largest milk producer, with an output of over 209.6 million tons of cow's milk in 2021. Other large milk producers were the United States, with almost 102.62 million metric tons, and Pakistan, with around 60.8 million tons. The Asia-Pacific region's active milk production has supported the growth of its derivatives, such as milk protein concentrates, milk powder, and whey protein ingredients. Due to their digestibility properties, milk protein isolates are the most commonly used ingredient by infant food manufacturers for products such as baby cereals, bottled baby food, and others.

- In 2021, manufacturers such as Lactalis launched organic whole milk powder ingredients with various applications across different end-user industries, such as the confectionery and bakery industries. This was done in response to the burgeoning demand from various end-user industries looking to formulate organic food products.

- Additionally, dried milk protein concentrate is produced from skim milk using a combination of processes, such as ultrafiltration (UF), evaporation or nanofiltration, and spray drying. The increasing demand for milk protein concentrates is supported by steady growth in skimmed milk powder production in the market. The United States has registered an increasing production of skimmed milk powders, supporting the growth of skimmed milk concentrates and milk protein concentrates during the study period.

- In addition to consumer demand, government initiatives to support the dairy industry have played a significant role in increased production. For example, the National Programme for Dairy Development (NPDD) in India aims to strengthen the infrastructure for

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the production of high-quality milk and its products. The positive outlook of the dairy industry in the market, coupled with the increasing demand for protein-rich food and constant evolution in product launches, is actively accelerating the application of various dairy ingredients in the food and beverage industry. This trend is expected to continue gaining momentum during the forecast period.

Europe Holds the Major Share

- Europe dominates the dairy ingredients market, with countries like the United Kingdom, Germany, and France using high-concentrate dairy ingredients such as whey proteins and milk protein isolates. The increasing interest in health and wellness among consumers, especially in the sports industry, has driven the demand for dairy ingredients in supplements. Key players in the industry are focusing on developing new products that cater to the consumers' evolving requirements. For example, in December 2021, Euroserum launched SICAPRO 35, a 35% serum protein concentrate suitable for the formulation of infant formulas.
- The increasing interest in protein as an ingredient is driven by fitness enthusiasts, particularly in Europe. The demand for mainstream health and wellness ingredients is also rising in the food and beverage sector. Countries like Germany and France have a significant demand for infant nutrition or baby formula that utilizes dairy proteins. Additionally, the region's strong coffee culture has contributed to the high demand for dairy ingredients, particularly in the preparation of creamers and whiteners for use in the food and beverage industry.
- Furthermore, the trend of organic food consumption has led to new product developments. For instance, in 2021, Lactalis Ingredients launched organic whole milk powder in France, sourced exclusively from French dairy farms that adhere to organic farming specifications. The organic standards ensure a product free from additives like neutralizing agents, antibiotics, and preservatives.
- Additionally, the growing consumer interest in high-protein snacking has resulted in the emergence of companies specializing in protein bars and confectionery. This trend is expected to continue to create growth opportunities in the dairy ingredients market. In March 2022, Mondelez International acquired a significant majority interest in Grenade, a leading UK performance nutrition pioneer in the fast-growing high protein bar segment. Grenade is one of the category leaders in high-protein bars. Its Carb Killa has been the best-selling product in the segment, with a growing presence in the UK and availability across other regions, including North America and Asia Pacific.

Dairy Ingredients Industry Overview

The dairy ingredients market is highly competitive, with a large number of players operating in the industry. Arla Food ambia, Fonterra Co-Operative Group Limited, Saputo Inc., Dairy Farmers of America, and Groupe Lactalis are some of the major players in the market. These companies are constantly innovating and expanding their product offerings to strengthen their presence in the market.

For example, in February 2022, Saputo Inc. announced a series of significant capital investments and consolidation initiatives to optimize and enhance its manufacturing footprint in its US Sector and International sectors. This move is part of the company's global strategic plan, which aims to improve operational efficiency and streamline business processes. Overall, the dairy ingredients market is highly dynamic, and companies must continually adapt to changing market conditions to stay competitive.

Additional Benefits:

- The market estimate (ME) sheet in Excel format

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