

Baby Food and Drink - US - October 2004 (\$2995.00)

With an overall stable birth rate in the U.S., growth in the baby food and drink market has largely been realized through product innovation in formulas. These gains, however, are offset by the large declines in liquid concentrate formula, RTD formula and baby juice.

All segments in the baby food and drink market are limited by the finite period of use, as its consumer base is restricted to a four-year span at most. Given the limited duration of use by consumers in this market, manufacturers continue to expand beyond traditional baby food & drink with products marketed towards toddlers, with Gerber at the forefront of marketing and innovation.

The market is composed of four segments: baby formula, baby food/snacks, electrolytes, and baby juice. The largest category, baby formula, is further segmented in to three types-- powdered, liquid concentrate and ready-to-drink. Combined baby formulas represent nearly 72% of the market, up 4.5% from 2002 to 2004, with the strongest growth (13.1%) in powdered formulas.

Growth was driven by enhanced formulas, such as those with added DHA and ARA nutrients. Baby food and snacks generate over one-fifth of market sales with gains of 2.5% from 2002 to 2004 to \$787 million. Driving sales in this category were toddler food products such as Gerber's Lil' Entrees as well as new plastic packaging in Gerber's First Foods Line. Sales of electrolytes were flat from 2002-2004 after rapid growth in 2001. Baby juice sales continued to struggle as parents likely choose to offer their babies/toddlers regular 100% fruit juice (as opposed to juices that are "blends" or fruit "drinks" which contain higher sugar).

This Mintel report explores the hypothesis that baby food and drink sales will continue to produce only modest gains since there remains a limited number of consumers for this market.

This report covers powdered, ready-to-drink, concentrated, and canned baby formula. It also includes canned and jarred baby food, cereal, and snacks, as well as baby juice.

Not included are other foods that babies consume such as fruit, non-baby-specific juice, or non-baby-specific canned or jarred products that may be eaten by consumers of all ages.

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