

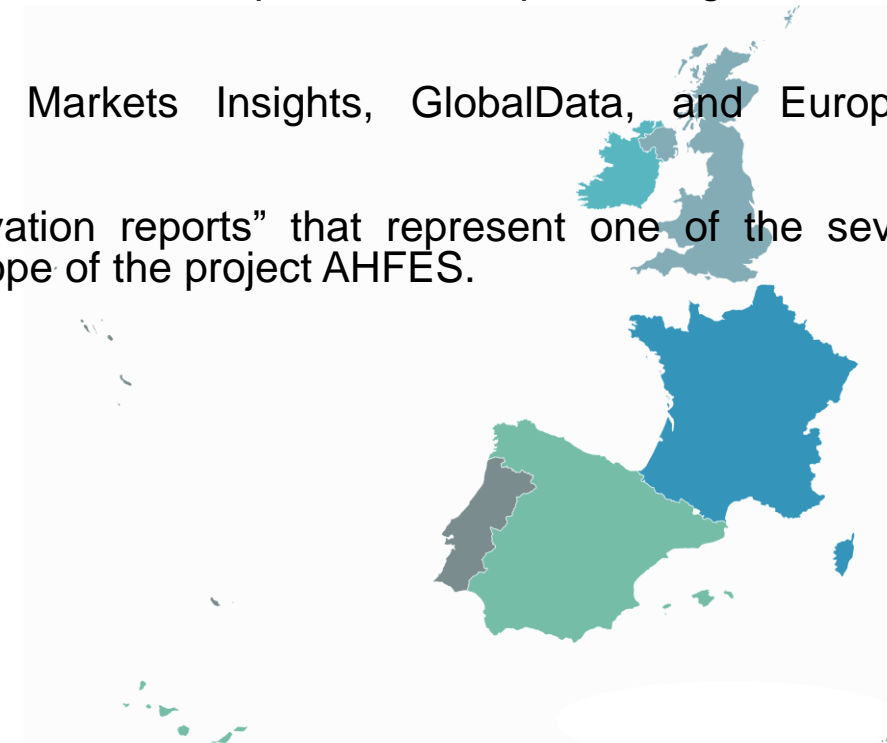
Dairy sector in 2021: Consumer trends, market and innovations

Daniel Álvarez, *Clúster Alimentario de Galicia*

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Introduction

- **Goal:** Present market data, consumer preferences and innovations in the dairy and alternative-dairy sector, special focus on health.
- **Geographical focus:** Europe and AHFES countries (France, Ireland, Portugal, Spain, United Kingdom).
- **Content:** Production, value and volume of sales, new products development, main positionings, consumer trends and market health claims.
- **Main information sources:** Innova Database, Innova Markets Insights, GlobalData, and European Commission databases, among others.
- **First report** of a series of “consumer, market and innovation reports” that represent one of the several innovation support services for SMEs implemented in the scope of the project AHFES.



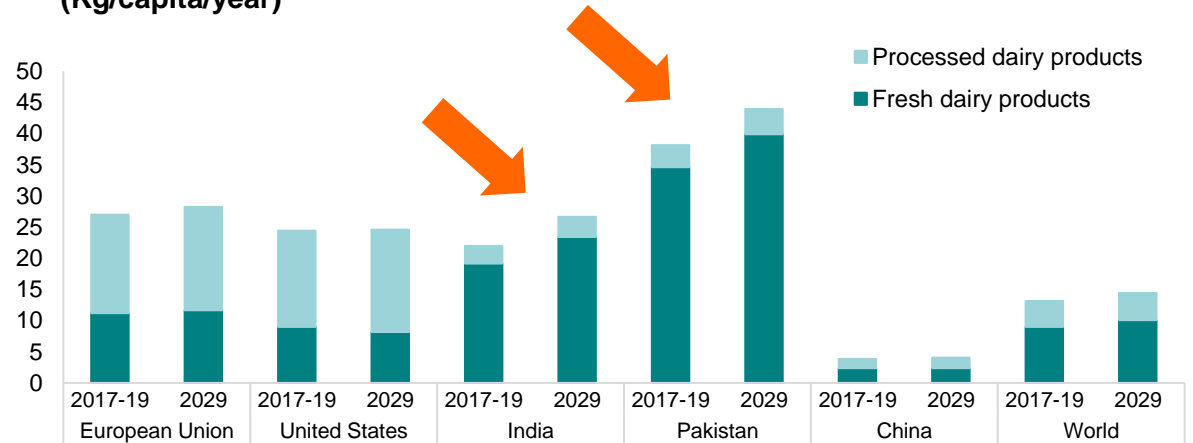
Global and European market



Dairy production globally

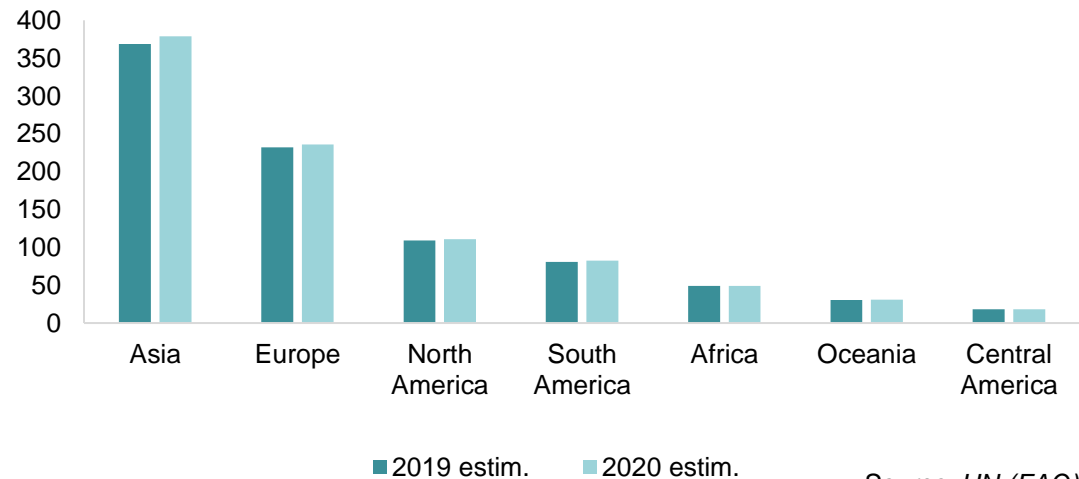
- The dairy sector is growing worldwide. (strong demand by India, Pakistan).
- Milk is one of the most valuable products globally.
- Global milk production reached ~906 M t in 2020 (+2.0% vs 2019).
- Asia is the top milk producer, followed by Europe.

Per capita consumption of processed and fresh dairy products (Kg/capita/year)



Source: OECD-FAO

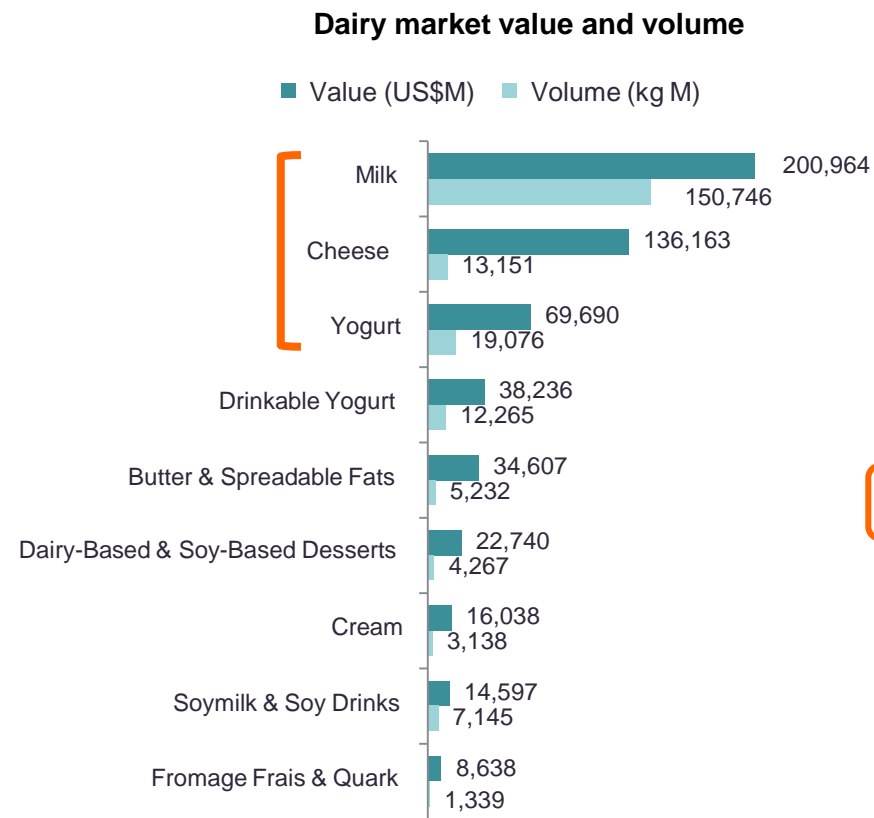
World milk production by region (M t)



Source: UN (FAO)

Dairy production globally

- Milk is the main dairy product in terms of market value and volume, followed by cheese and yogurt.
- A growth of 4.9% in volume and 5.2% in value for milk expected (2019-2024).



Source: GlobalData

- Drinkable yogurt is forecasted to be the fastest-growing category.

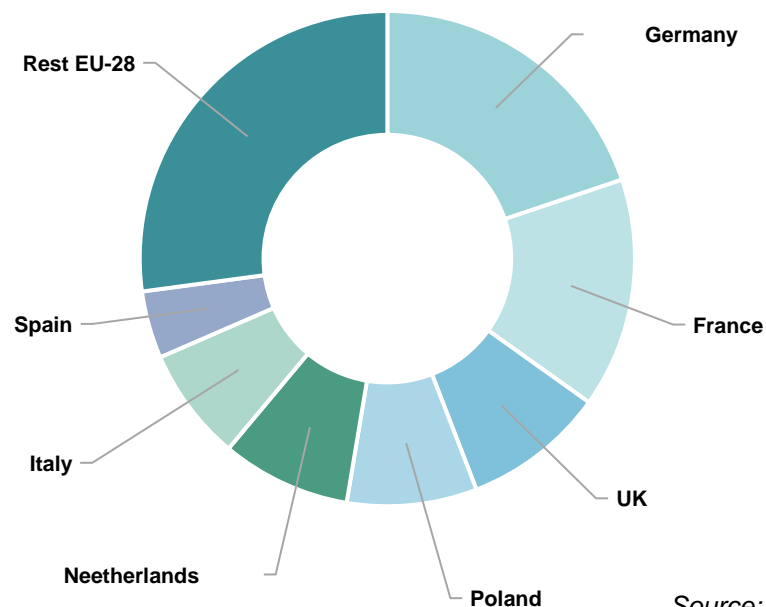
Volume growth (US\$M), 2019–24			Value growth (US\$M), 2019–24		
Top three	CAGR 2019–24		Top three	CAGR 2019–24	
Drinkable yogurt	+7,668	+10.2%	Drinkable yogurt	+31,142	+12.7%
Yogurt	+3,994	+3.9%	Yogurt	+34,281	+8.3%
Soy milk/drinks	+1,062	+2.8%	Butter/spreadable fats	+8,352	+4.4%

Source: GlobalData

Dairy production in Europe

- EU accounts with 38% share of global dairy sales value.
- EU produces ~25% of the world's total cow's milk.
- Germany, main milk producing country.
- 1/3 of milk production is traded within the EU as dairy products.

EU-28 main milk-producing countries



Source: Eurostat

EU-28 dairy production (thousands t)

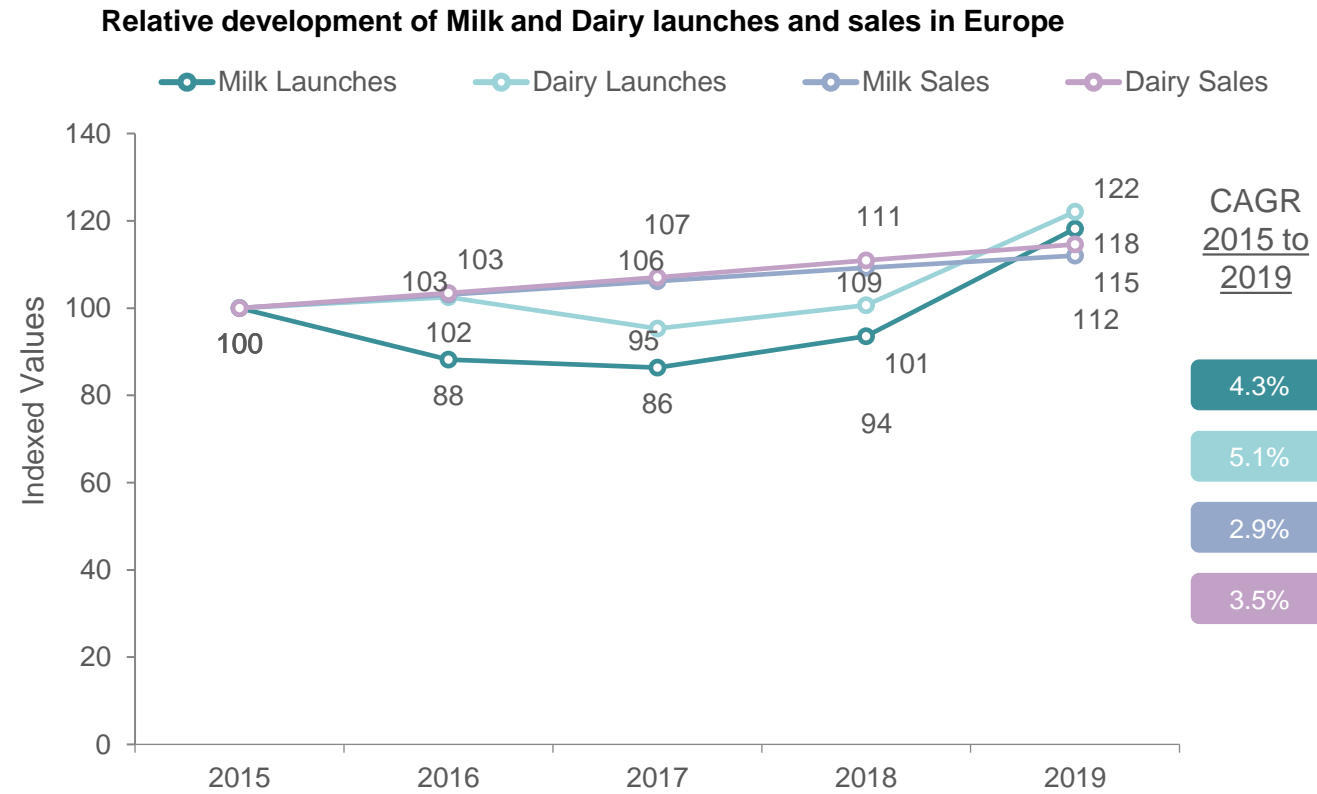
Product	2017	2018	2019	2020
Drinking milk	30,274	29,526	28,613	29,384
Cream for direct consumption	2,777	2,702	2,764	2,780
Acidified milk (yogurts and other)	8,128	8,190	8,120	8,197
Butter	2,153	2,183	2,273	2,323
Cheese	10,169	10,253	10,454	-*
Milk and cream powders, excl. SMP (WMP)	810	792	806	795
Skimmed milk powder (SMP)	1,513	1,520	1,505	1,556
Drinks with a milk base	1,244	1,758	1,792	-
Whey (in powder or in block)	1,867	1,943	2,019	-
Caseins and caseinates	121	126	128	-
Other fresh products (milk-based desserts, ice cream)	2,270	2,101	2,214	-

Source: CLAL, Eurostat

*Cells with a dash indicate no data available

Dairy sales in Europe

- Positive growth of milk sales and launches 2015-2019 (+2.9% and +4.3%).
- Positive growth of dairy sales and launches 2015-2019 (+3.5% and +5.1%).

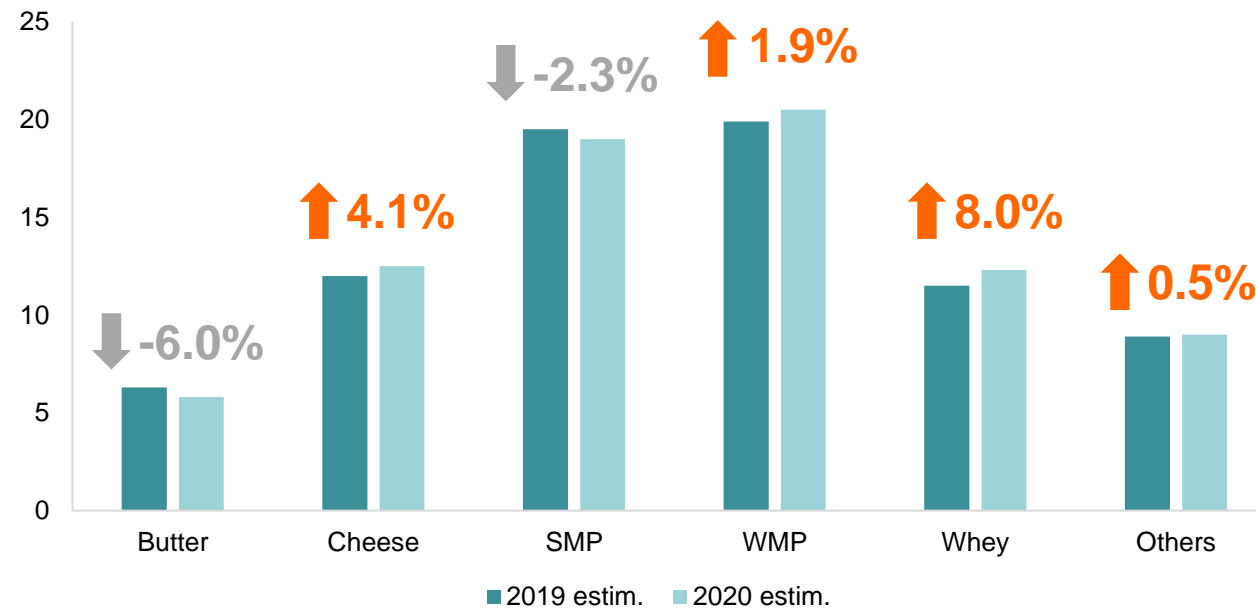


Source: Innova Market Insights

International trade of dairy products globally

- International dairy trade increased by 1.2% in 2020.
- China: world's largest importer.
- New Zealand, the US and the EU, main suppliers of the international import demand.

Composition of global dairy exports (million tonnes, milk equivalent)

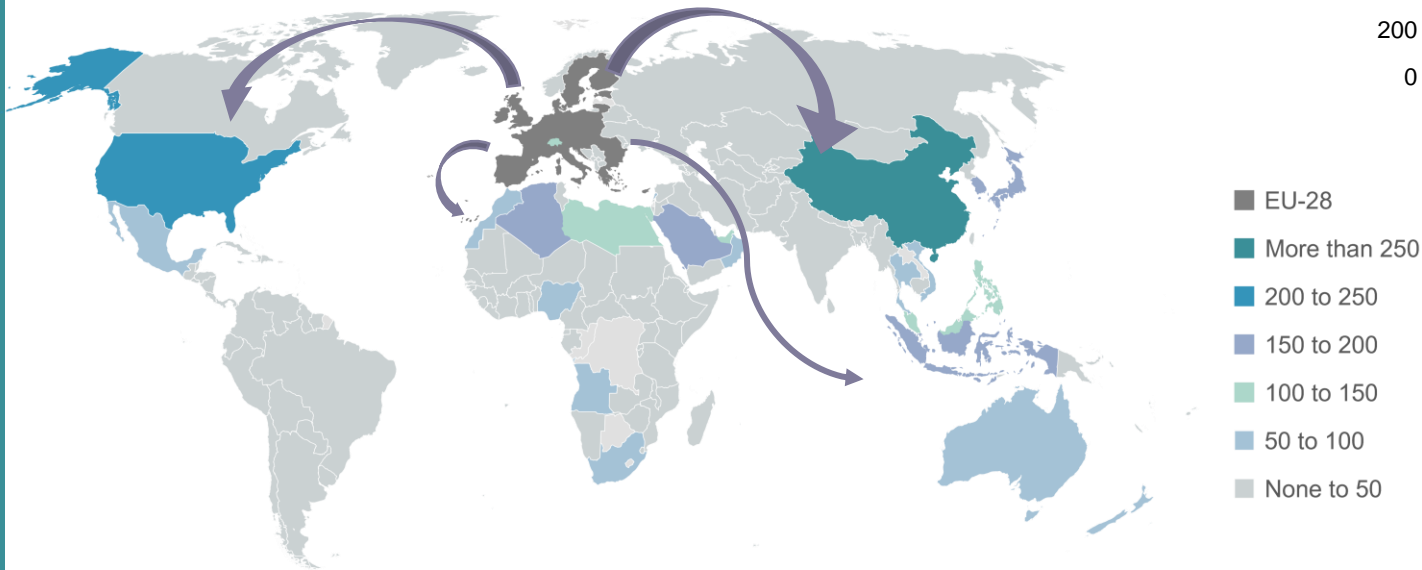


Source: UN (FAO)

International trade of dairy products in the EU

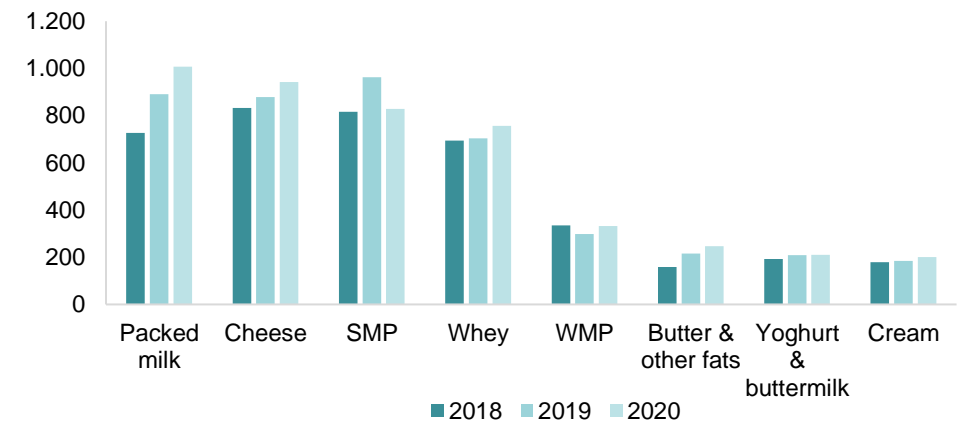
- EU one of the world's top three players for dairy exports (New Zealand, US).
- EU world's biggest exporter of cheese.
- Japan top importer of cheese; China top importer of packed milk and SMP.
- EU exports expected to continue increasing.

EU-28 main dairy export destination countries (thousands t)



Source: Agri-Food Data Portal (European Commission)

EU-28 main dairy products export (thousands t)



Source: CLAL, Eurostat

Top companies globally

- Half of the companies in the ranking are European.



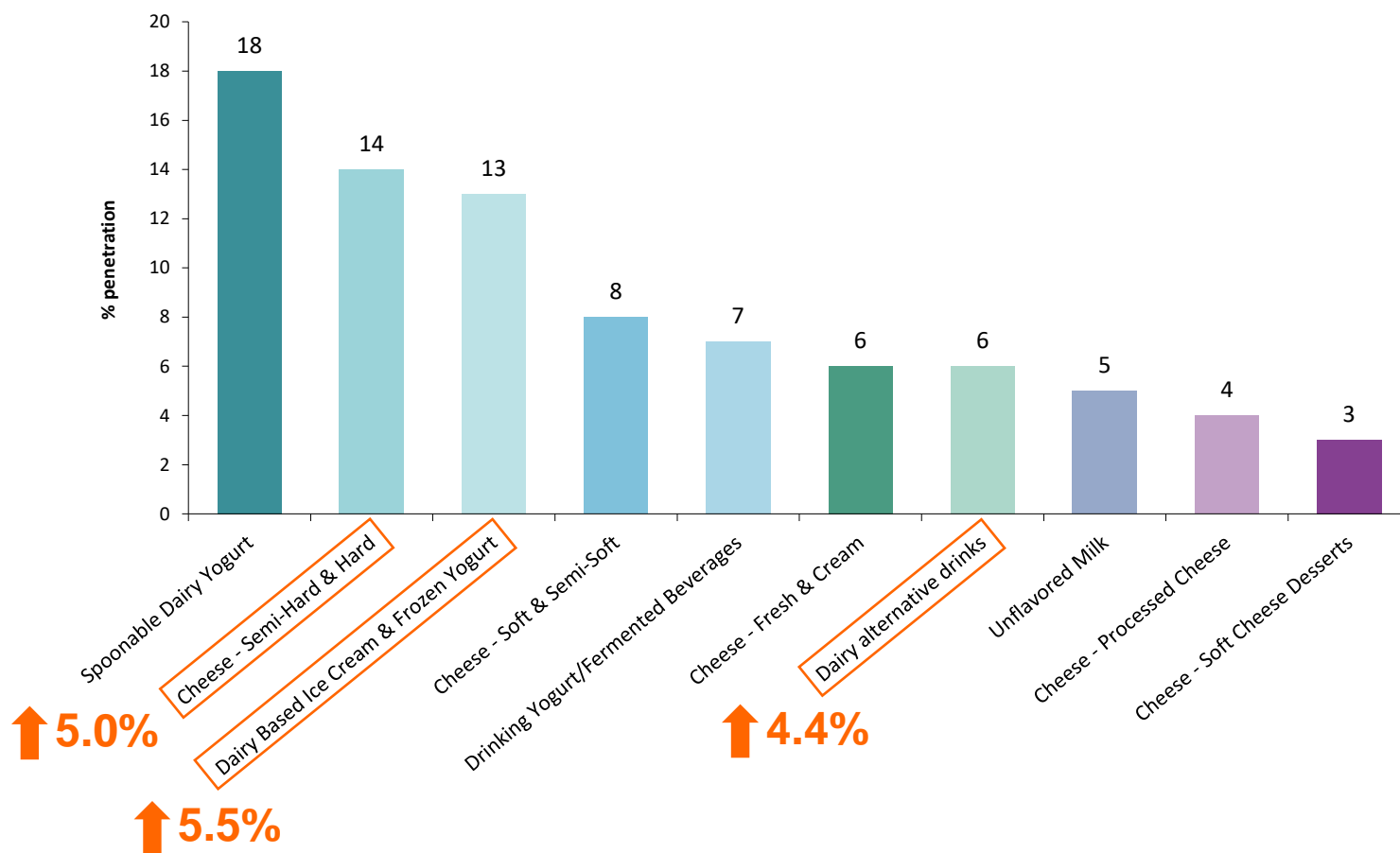
2020	Company name	Country of Origin	Dairy turnover (USD billion)*
1	Nestlé	Switzerland	22.1
2	Lactalis	France	21.0
3	Dairy Farmers of America	US	20.1
4	Danone	France	18.2
5	Yili	China	13.4
6	Fonterra	New Zealand	13.2
7	FrieslandCampina	Netherlands	12.6
8	Mengniu	China	11.9
9	Arla Foods	Denmark/Sweden	11.8
10	Saputo	Canada	11.3
11	DMX	Germany	6.5
12	Unilever	Netherlands/UK	6.4
13	Meiji	Japan	5.9
14	Sodiaal	France	5.7
15	Savencia	France	5.6

Healthy dairy new products development (NPD) and positionings



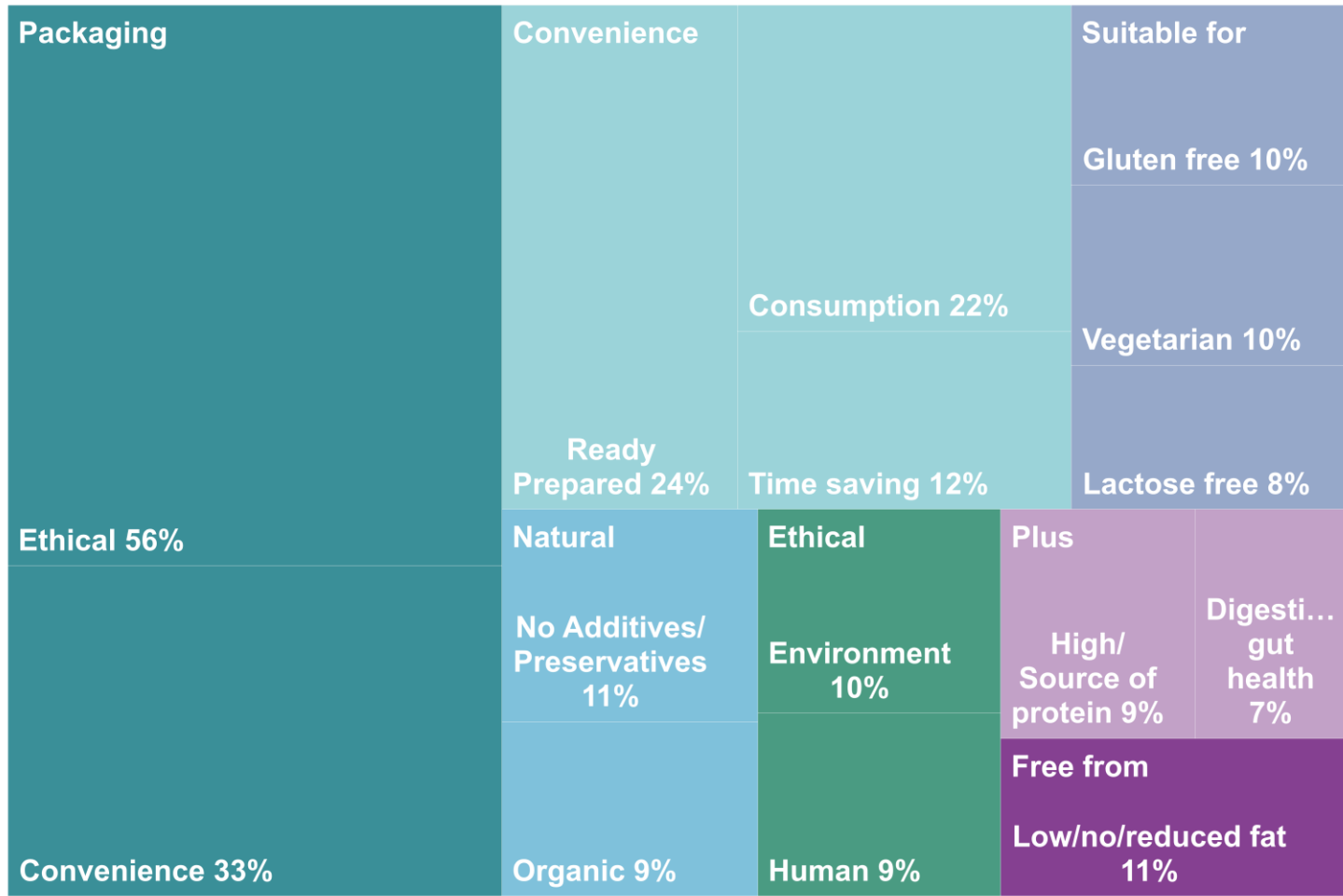
Dairy NPD in Europe

1. Spoonable yogurts
2. Semi-hard and hard cheese
3. Dairy based ice cream and frozen yogurt



Spoonable strawberry flavoured yogurt (Ireland).

Positioning in the European dairy market

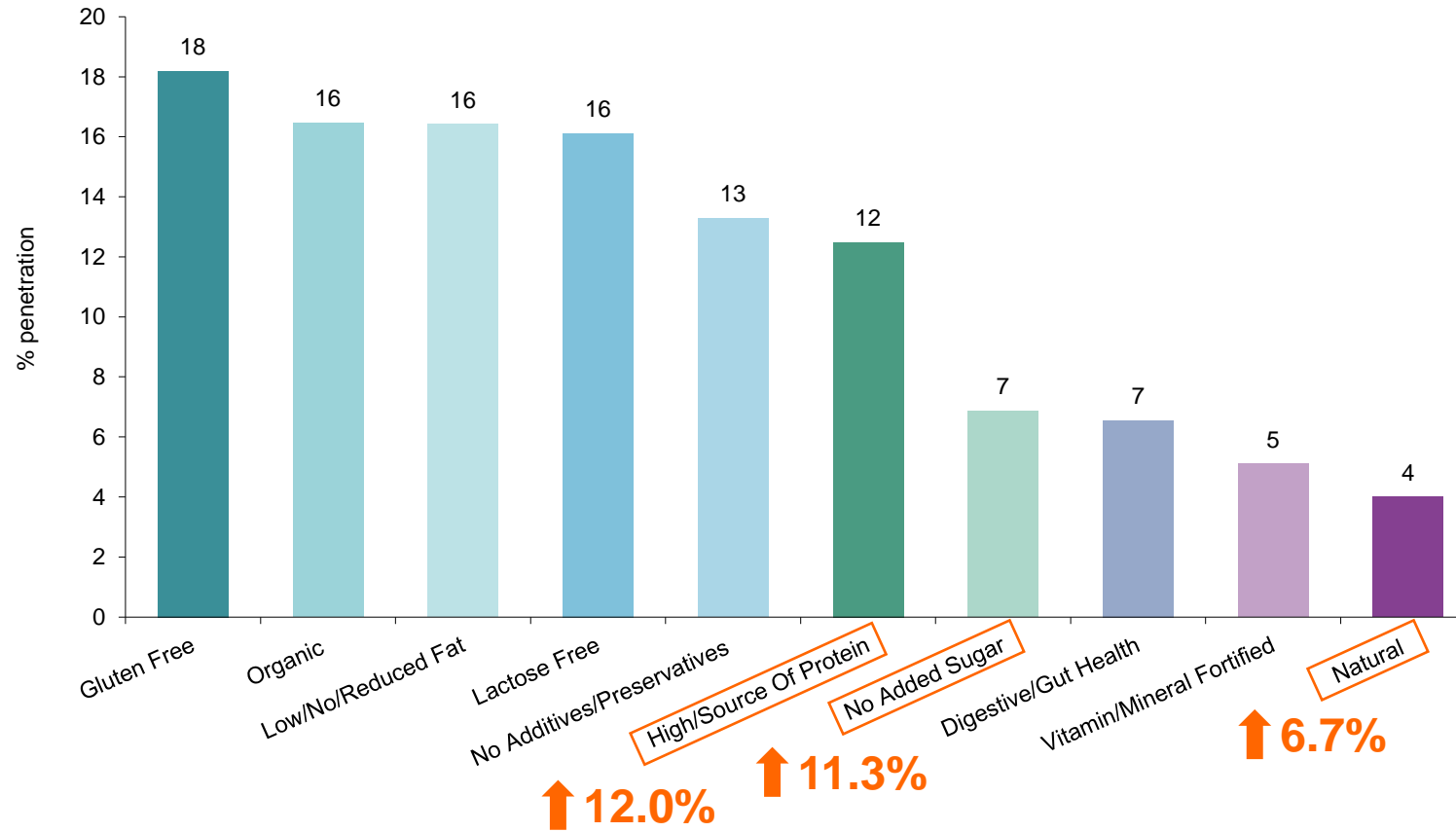


 **Le + emballage !**

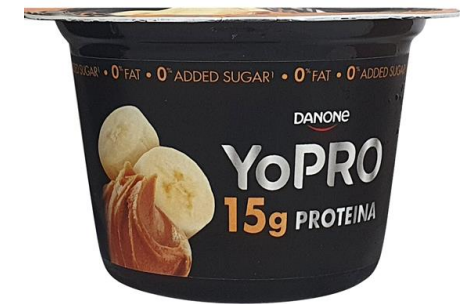
Notre pot et son couvercle sont **majoritairement** en plastique recyclé pour faciliter le geste de tri et le recyclage. Ces ressources forestières gérées durablement.

Health claims

- Passive health claims (free/no/low/reduced) are present in almost half of dairy launches.



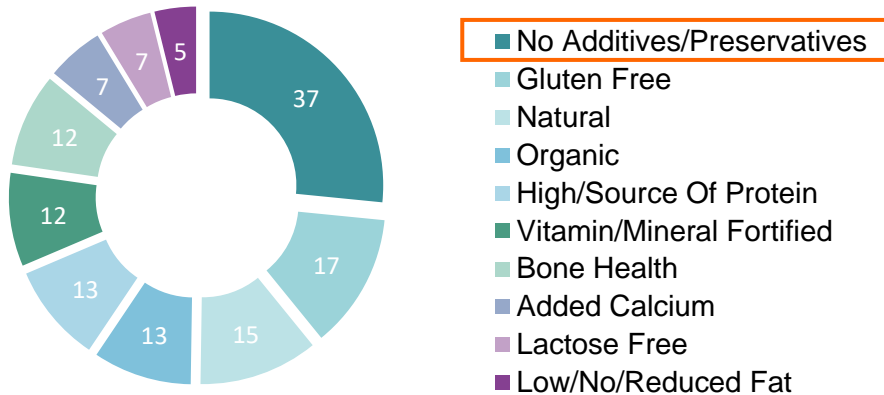
Banana and peanut butter flavoured skimmed **fermented milk product with protein** (Spain).



Specific age groups

- Companies target specific age groups to cover particular health demands.

Health claims in launches of dairy products for children 5-12 years

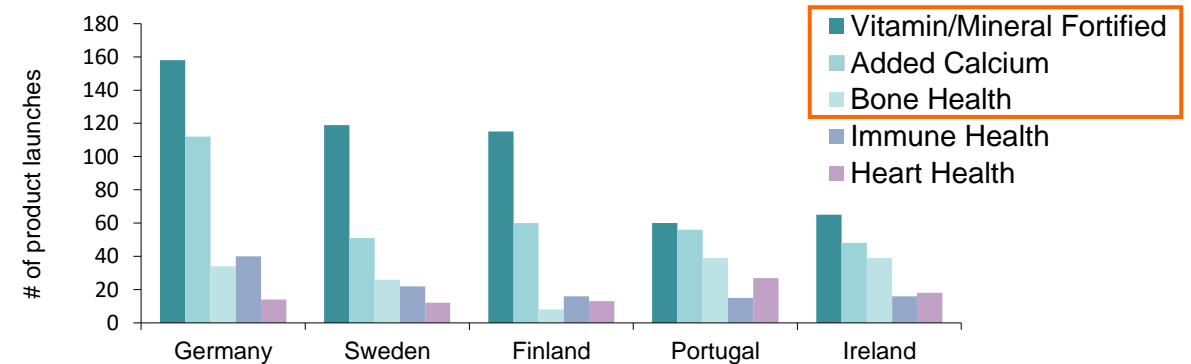


Margarine, with a **source of calcium and vitamin D2**, ideal for people over 50 years of age, maintaining a healthy bone structure (Netherlands).



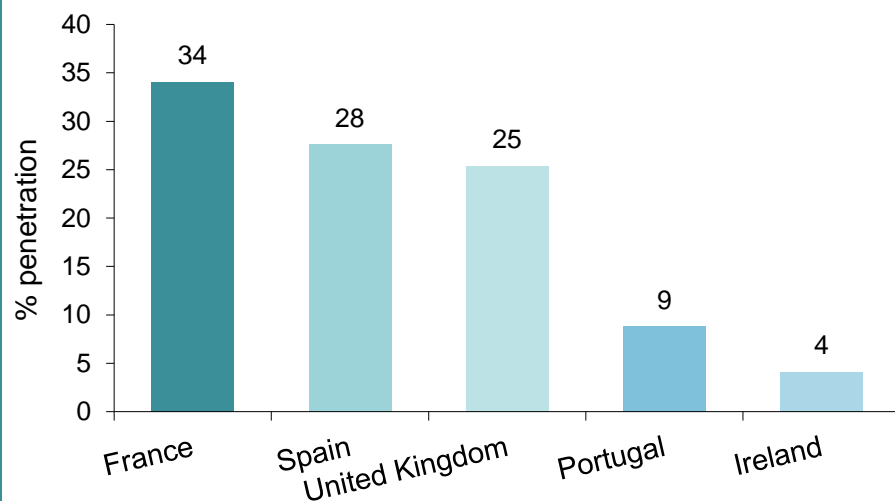
Strawberry and banana flavoured yogurt drink, a **source of calcium for bones**, no added colours nor artificial sweeteners (United Kingdom).

Launches with claims related to aging



Dairy NPD in AHFES countries

Dairy launches in AHFES countries (2016-2020)



Top 5 brands in AHFES countries

	Spain	France	United Kingdom	Portugal	Ireland
1	Hacendado	Auchan	Morrisons	Milbona	Tesco
2	Carrefour	Paturages	Asda	Continente	Alpro
3	Dia	President	Alpro	Pingo Doce	Dairylea
4	Alteza	Activia	Marks and Spencer	Mimosa	Deluxe
5	Activia	Casino	Tesco	Provamel	Glenisk

Private labels
1/3 of European dairy market
↑ 7.6%

Main health claims in AHFES countries

Top 10 Health Claims by country (2016-2020)

Region	1. No Additives/ Preservatives	2. Low/No/ Reduced Fat	3. High/ Source of protein	4. Organic	5. Gluten Free	6. No added sugar	7. Digestive/ gut health	8. Lactose Free	9. Natural	10. Bone Health
Spain	8%*	13%	8%*	7%*	30%	5%*	7%	7%*	7%*	2%
Portugal	8%	20%	9%*	3%	19%*	9%*	8%	9%*	3%*	
France	11%*	6%	4%*	18%*	3%*		4%	2%*	2%*	2%
United Kingdom	21%	19%	17%*	7%	11%	7%*	8%	3%*	5%*	
Ireland	22%	21%	14%*	6%	13%	8%	8%		6%	4%

*growing trend

Colour code highlighting Top 1-3 health claims: #1 #2 #3

Percentages indicate the % of new products carrying the claim

Slices of matured cow, sheep and goat cheese with 38% less fat. (Spain).



Vanilla flavoured creamer gluten free, fat free (United Kingdom).



Yogurt with mangoes, passion fruit and turmeric with no additives (France).





Top trends

1. Health and immune system

- More awareness of diet and health.
- Choices based on specific nutritional needs and health concerns.
- Functional ingredients aiding gut, immune and mental health are promoted.



Drinking yogurt with **probiotics**, **40% less sugar** and added with **vitamins B6 and D** to help the **defenses** (Spain).



Fat free drinking yogurt **with no added sugar** and **source of vitamins B6 and D** to support the **immune system** (United Kingdom).

54%

of consumers interested in learning about ingredients that improve their immune system

9%

has grown the claim “Immune Health” in Europe in new launches

Source: Innova Consumer Survey, 2020



Quark “**The good gut**”. **Source of fiber. High vitamin D. High protein. 0% fat** (Ireland).

2. Personalised nutrition



2 in 3

of global consumers found “**more ways to tailor their life and the products they bought to their individual style, beliefs, and needs**”

Source: Innova Consumer Survey 2020



Mango flavored yogurt drink that **contains 25 g protein**, fuel for your muscles. High protein content. 0% fat content. 0% added sugars. No lactose. No coloring. **Protein contributes to the maintenance and growth of muscle mass (Portugal).**



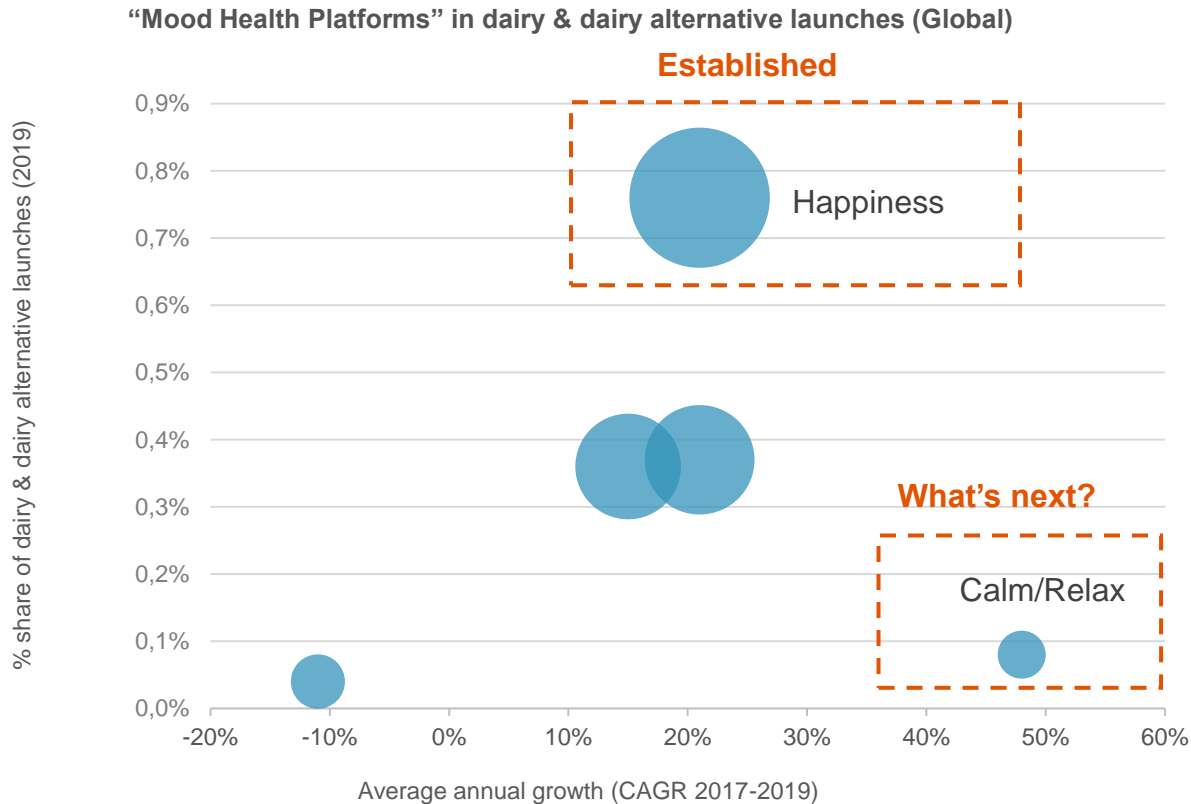
Fermented milk, a natural source of protein and calcium, **“important for healthy bones and teeth” (United Kingdom).**



“This milk helps your immune system by giving it the vitamins and minerals it needs. Vitamins A, D, B12, B6, B9, zinc and selenium contribute to the normal function of the immune system.” **(Spain).**

3. Improved mood health

- Ingredients for an improved mood.



"L-theanine for increased cognitive performance, **aids with relaxation** and sleep"



"We want to provide you with a healthier and more sustainable solution to keep you going. That's why we use **adaptogens** in our products - to help boost your immune system all the while fueling your body"

4. On the go healthy snackification



Cheese cubes **rich in protein** with almonds and cranberries (Portugal).



Cheese sticks, **reduced fat** (United Kingdom).



Kefir **rich in protein and probiotics.** Source of calcium, vitamins B2 and B12. Portable 220 ml bottle (France).



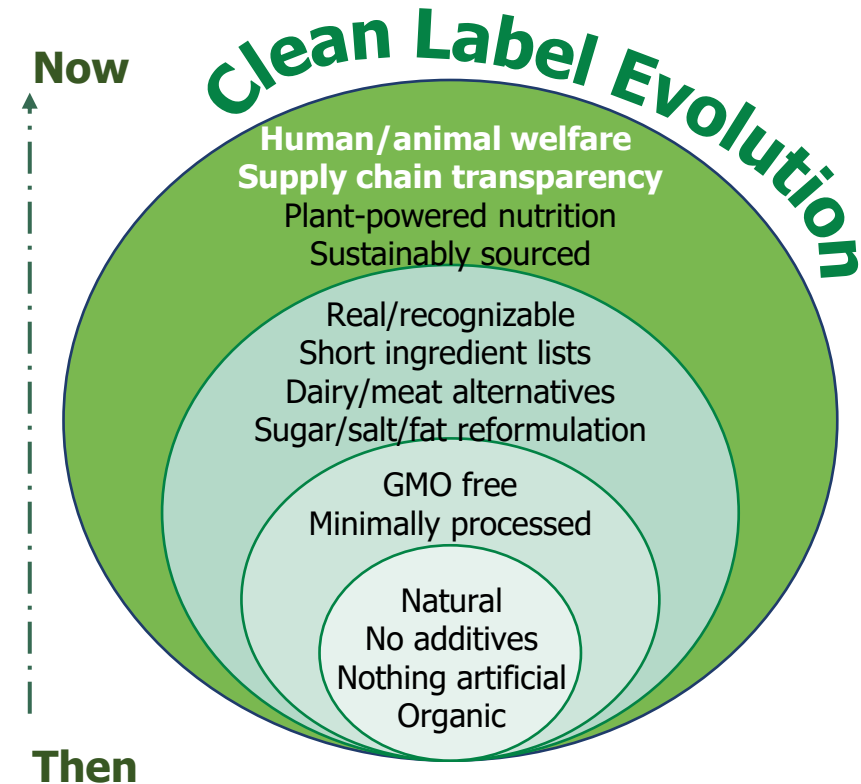
Rice drink, **lactose free with no added sugar and gluten free.** Portable 100 ml bottle (France).

5. Transparency and origin

- Clean labeling describing the characteristics of the product respond to the consumer's concern for the environment, ethical aspects and the own well-being.



Source: Innova Consumer Survey 2020



5. Transparency and origin

- Clean labeling describing the characteristics of the product respond to the consumer's concern for the environment, ethical aspects and the own well-being.



Biogurte: Organic yogurt **made with ingredients of sustainable origin.** Green Dot, FSC and Ecocert certified. (Portugal).

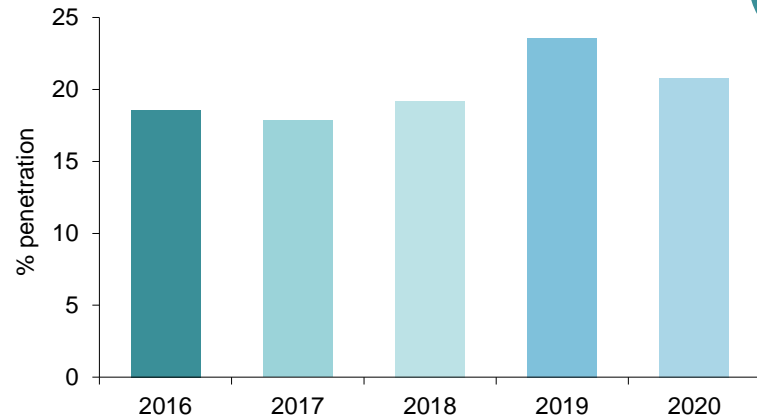


La Fromagerie Milleret produces lactose free cheeses **made from milk that has been collected locally,** with an average radius of 25 km around the cheese factory in Franche-Comté (France).

6. Plant based alternatives

- Growth of claims such as “plant-based” (44%), vegan (19%) and vegetarian (8%).

Alternative dairy launches in Europe (2016-2020)



CAGR
(2016-2020)
3 %

IT IS HEALTHIER

53%
of consumers
globally

IT BRINGS VARIETY
TO MY DIET

35%
of consumers
globally

IT IS BETTER
FOR THE PLANET

32%
of consumers
globally

IT TASTES BETTER

19%
of consumers
globally

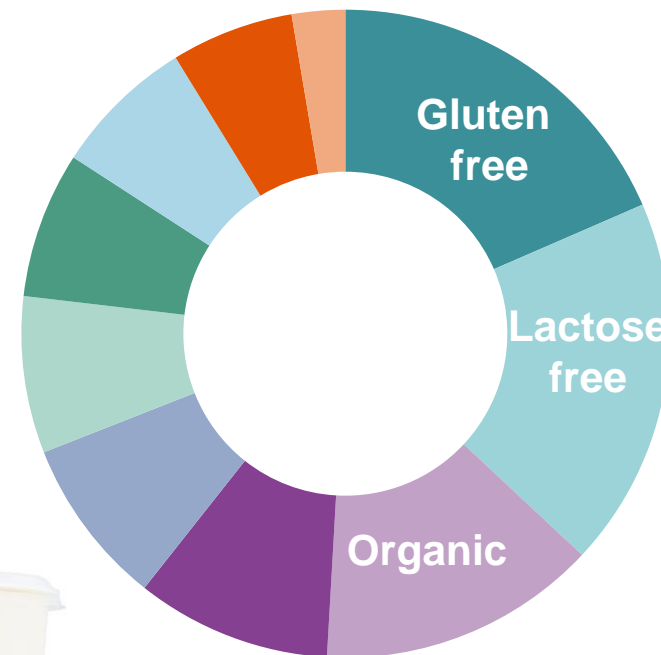


Oat drink
(United Kingdom).



Cashew yogurt
(United Kingdom).

Health claims in alternative dairy products in Europe



Gluten Free

Lactose Free

Organic

Low/No/Reduced Fat

No Added Sugar **↑ 11%**

High/Source Of Protein

Vitamin/Mineral Fortified **↑ 9%**

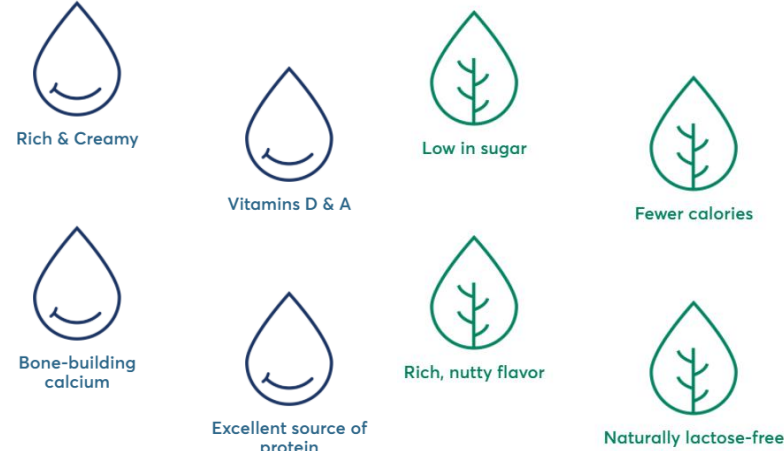
Added Calcium **↑ 1%**

No Additives/Preservatives **↑ 3%**

Digestive/Gut Health

7. Hybrid dairy

- Blend of dairy and non-dairy based products



75% of the UK population
who use plant-
based alternatives also use
standard dairy milk (Mintel,
2020)



The US brand Live Real Farms has launched the first line of beverages that contain **a blend of fresh milk and plant-based drinks.**

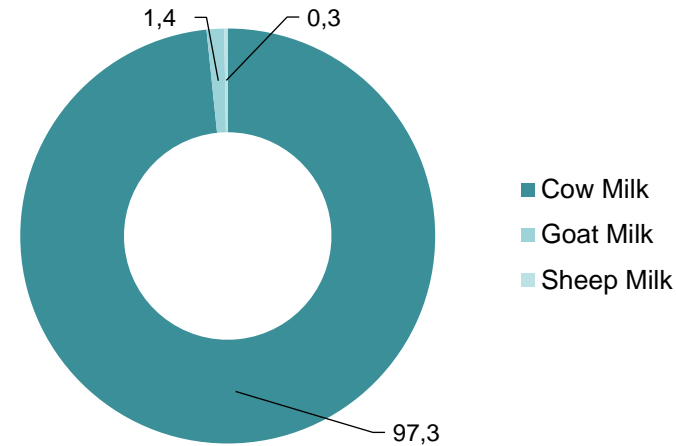
Categories



Milk

Launches and health claims

Launches of milk per subcategory in Europe



Skimmed milk with **omega 3** and **low in fat** (Spain).

Top 10 health claims in AHFES countries

Region	1. Low/No/Reduced Fat	2. High/Source of protein	3. Organic	4. No Additives/Preservatives	5. Bone Health	6. Gluten Free	7. No added sugar	8. Vitamin/Mineral fortified	9. Lactose Free	10. Natural
Spain	18%	13%*	9%*	8%*	8%	26%	6%*	12%*	20%*	13%*
Portugal	18%*	12%	9%*	4%	5%	12%*	7%*		20%*	
France	6%	10%	33%*	9%*	7%			10%	5%*	
United Kingdom	19%	41%	9%	32%	11%	10%	18%	19%		
Ireland	40%	58%	13%	33%	16%*	7%	11%	18%		11%*
EUROPE	18%	15%*	13%*	9%	5%	8%	5%*	7%	13%*	5%

Organic/natural is the claim with the highest growth among AHFES countries



Organic semi-skimmed milk, (United Kingdom).

Milk with passive health claims



Skimmed milk, 0% fat (Spain).



Lactose free semi-skimmed milk (Portugal).

Milk with active health claims



Milk drink, source of 10 vitamins and enriched with vitamin D (France).



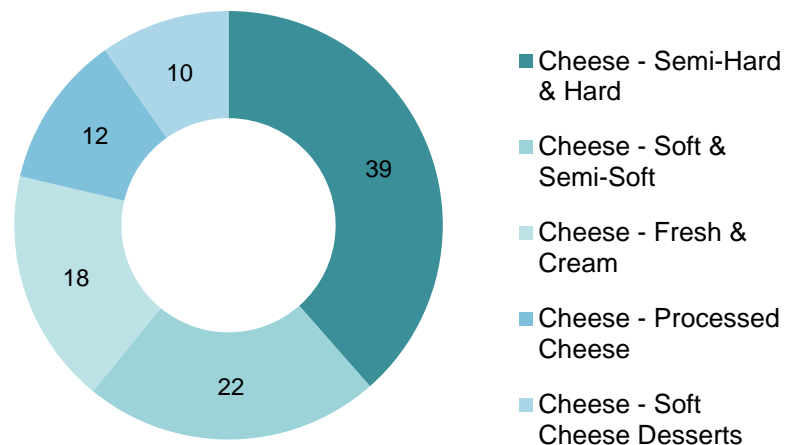
Chocolate flavoured milk, containing 33 g protein per serving, with extra whey protein and 1% fat content (Ireland).

Cheese



Launches and health claims

Launches of cheese per subcategory in Europe (%)



Tomme de Savoie
semi-soft cheese from
cow's milk (France).

Top 10 health claims in AHFES countries

Region	1. No Additives/Preservatives	2. Low/No/Reduced Fat	3. High/Source of protein	4. Organic	5. Bone Health	6. Gluten Free	7. No added sugar	8. Vitamin/Mineral fortified	9. Lactose Free	10. Natural
Spain	14%	13%	11%*	3%	2%	4%		2%*	2%*	2%
Portugal	3%*	13%*	8%	2%*		9%	1%*		11%*	3%*
France	16%*	13%	15%*	56%*	3%*	5%*		4%	8%	
United Kingdom	14%	13%	11%*	3%	2%	4%		2%*	2%*	2%
Ireland	20%	12%	7%*	2%	4%	5%	2%		4%*	4%
EUROPE	10%	7%	7%*	7%*	1%	8%	1%	1%	10%*	4%

No additives/preservatives is the most popular claim in AHFES countries



Raclette cheese slices **bio** and **without additives or preservatives** (France).



Organic Matured sheep cheese (Spain).

High/source of protein is the claim with a higher growth



Mild Irish grated coloured cheddar cheese **high in protein** (Ireland).

“Free from” claims are recurrent claims



Lactose free cheese slices (Portugal).



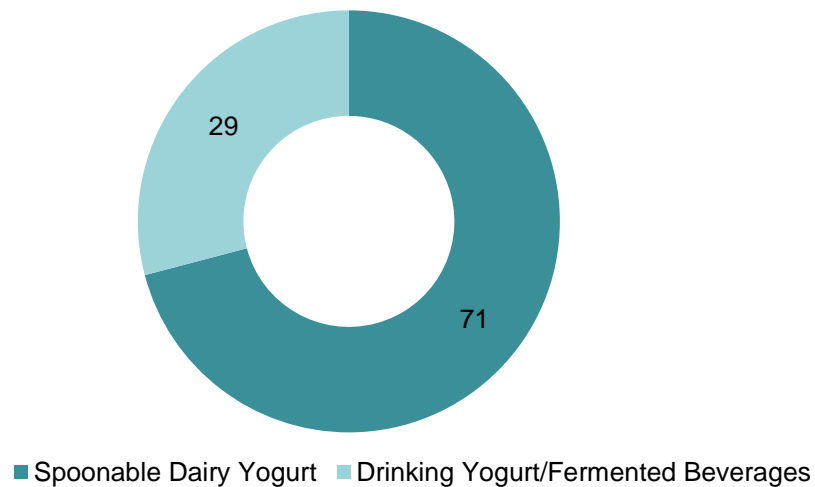
Mature white cheese **with 50% less fat** (United Kingdom).

Yogurt



Launches and health claims

Launches of yogurt per subcategory in Europe (%)



Spoonable strawberry flavoured **fat free** yogurt (United Kingdom).

Top 10 health claims in AHFES countries

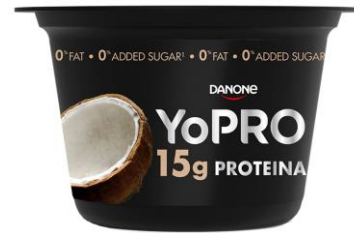
Region	1. Low/No/Reduced Fat	2. No Additives/Preservatives	3. Gluten Free	4. High/Source of protein	5. Organic	6. No added sugar	7. Natural	8. Digestive/Gut health	9. Lactose Free	10. Vitamin/Minerals fortified
Spain	28%	11%*	49%	10%*	11%*	14%*	8%	22%	5%	
Portugal	45%	23%*	71%	38%	44%	35%			73%	26%*
France	12%	18%*	4%	7%*	21%*	3%	5%*	14%		7%
United Kingdom	39%	28%	17%	25%*	13%	15%*	9%*	22%		
Ireland	33%*	13%*	39%*	13%*	4%	20%	5%	18%	7%*	
EUROPE	20%	15%	12%	14%*	13%	6%*	6%	21%	6%*	

Launches and health claims

Low/no/reduced fat is the most popular claim, protein growing



Raspberry and Blackcurrant flavoured yogurt **low in fat and high in protein** (United Kingdom).



Coconut flavoured yogurt **containing 15 g of protein** (Portugal).

No additives/preservatives presents a strong growth



Vanilla flavoured creamy Greek style yogurt with **no colourings or artificial flavour** (France).

Other recurrent passive health claims

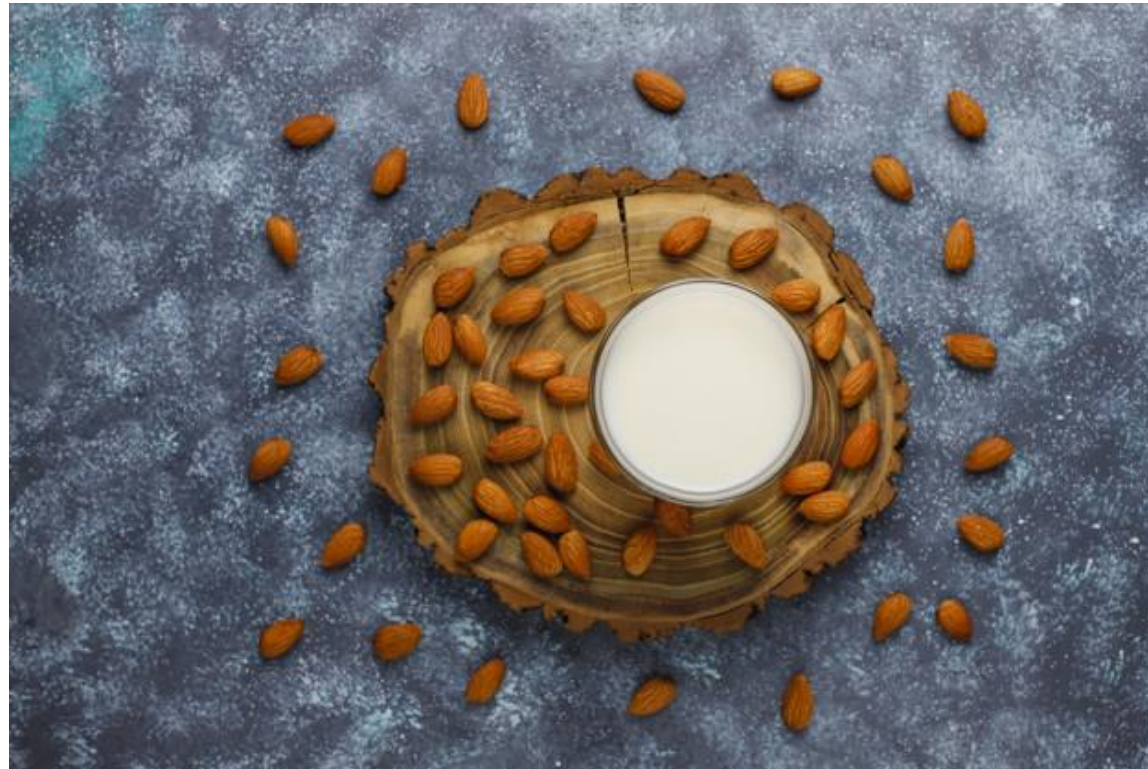


Natural yogurt with **no added sugar and 0% fat content** (Ireland).



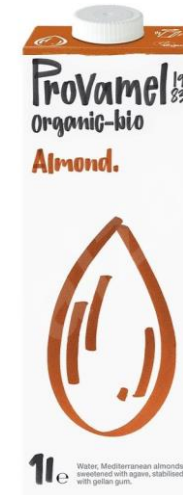
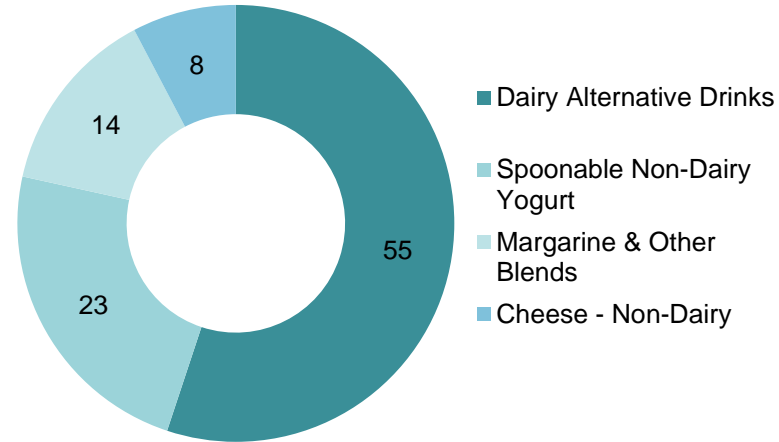
High protein, 0% added sugar, 0% fat and gluten free unflavoured yogurt (Spain).

Dairy alternatives



Launches and health claims

Launches of dairy alternatives per subcategory in Europe (%)



Almond drink (Ireland).

Top 10 health claims in AHFES countries

Region	1. Gluten Free	2. Lactose Free	3. Organic	4. Low/No/Reduced Fat	5. High/Source of protein	6. No Additives/Preservatives	7. No added sugar	8. Vitamin/Minerals fortified	9. Added calcium	10. Digestive/Gut Health
Spain	64%	56%	42%*	32%	23%	23%	31%*	18%	18%	
Portugal	70%	73%	44%	45%	38%	23%*	35%	26%*	26%*	
France	43%	38%	59%	31%	31%	18%*	20%	14%	17%	
United Kingdom	59%*	40%*	21%	29%*	22%*	29%*	18%*	36%*	33%*	
Ireland	72%	57%	31%	40%	20%	37%	25%	38%	34%	13%
EUROPE	51%	51%	38%	28%	21%	20%*	22%*	21%*	19%*	

Lactose free, gluten free and organic are the most popular claims

Both active and passive health claims in plant-based alternatives are growing in all AHFES countries



Gluten free and organic rice and coconut drink (France).



No lactose oat drink (Portugal).



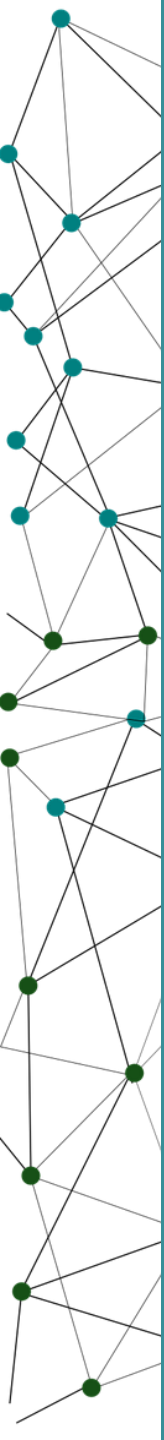
No preservatives, lactose free, gluten free vegan slices (Spain).



Organic vegan spreadable with rapeseed, coconut, shea and almond (United Kingdom).



Mango flavoured soy yogurt with no added sugar (Portugal).



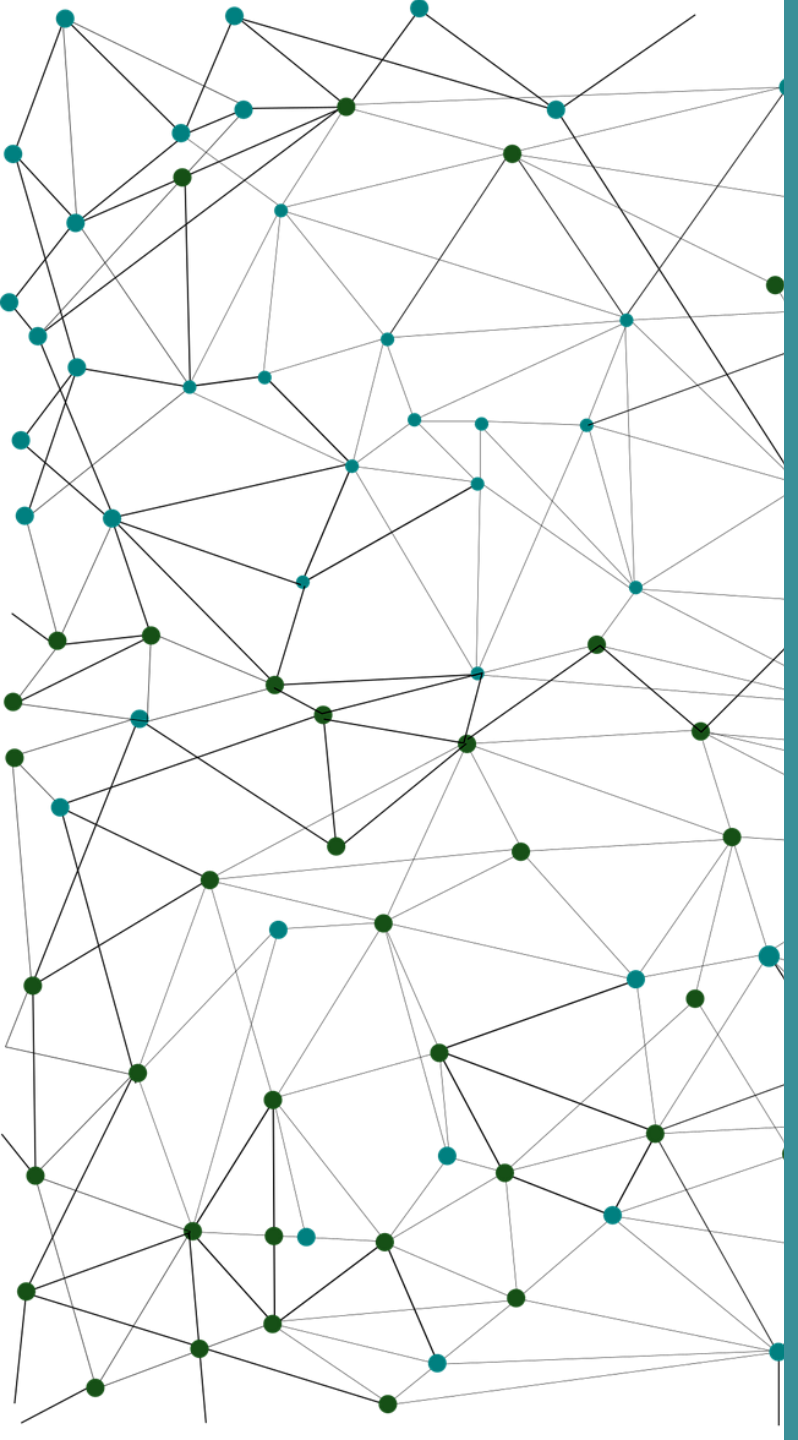
Conclusions



Conclusions

- The global demand for dairy products is growing.
- EU is a major player globally in the dairy market.
- EU one of the top players regarding dairy products export.
- Yogurt is one the fastest growing category, specially in the drinkable form.
- Strong presence of ethical and convenience positionings and passive “free” health claims.
- Strong growth of organic and natural products with no additives or preservatives.

Great scope for innovation of healthy products in the dairy sector: healthy snacks, novel ingredients nutrition- and mood-focused, plant-based alternatives, sustainable production and natural “free from” products.



Thank you for your attention!

Contact: ahfes@clusaga.org

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