BRAND FOOTPRINT

THE UK RANKING OF THE MOST CHOSEN DAIRY BRANDS

MAY 2018

KANTAR WORLDPANEL

DAIRY

Dairy is currently in rude health, outperforming most other areas of grocery, with an annual spend growth at the end of 2017, of 4.5% adding £470m in value. In this report we consider the growing dairy alternatives market as well as pure dairy products together in the same ranking.

The dairy sector is worth £10bn and is bought more often than any other part of the grocery market; twice as frequently as soft drinks for example.

For some, dairy might be considered a commodity, but this ranking shows how that is changing. Value is being added into the market through innovation. A wide variety of brands have developed strong propositions that play on consumer motivations to be healthier, utilise added benefits, and fit into changing lifestyles.

UK take home dairy sector is worth £10.8 billion

UK Top 20

CONSUMER REACH POINTS (MILLIONS)

		2016	2017	YR/YR %
1	MULLER	202	203	1
2	CATHEDRAL CITY	98	102	5
3	FLORA	88	86	-2
4	LURPAK	85	81	-4
5	YOPLAIT	79	81	2
6	ALPRO	66	78	18
7	YEO VALLEY	76	76	0
8	CRAVENDALE	73	75	3
9	ACTIVIA	75	72	-4
10	ANCHOR	51	52	3
11	DAIRYLEA	53	50	-4
12	PHILADELPHIA	54	50	-7
13	CLOVER	45	47	5
14	WALL'S MAGNUM	44	45	3
15	ELMLEA	42	42	0
16	ACTIMEL	43	41	-5
17	COUNTRY LIFE	43	40	-7
18	PILGRIMS CHOICE	39	40	4
19	LACTOFREE	36	39	7
20	WALL'S	36	35	-2

Natural and Healthy

The focus on health, which cuts across food and drink, is one that has played in dairy's favour – at least for the moment. As consumers focused attention on avoiding sugar and carbohydrates in recent times, the protein component of dairy means that the sector as a whole has benefited. When asked if dairy fats are good for you, 32% of dairy buyers agreed that they were, and 63% believe dairy to be a natural source of protein. The yoghurt brand Oykos increased Consumer Reach Points (CRPs) by 11% since last year, driven by its positioning as a snacking product, tapping into this growing occasion. The brand is 6% more likely to be considered as a snack than other yoghurt brands, demonstrating the reach into new moments. Achieving more listings in Waitrose boosted availability, and 24% of servings were of the lighter variants.

Danone's Light and Free, which was Kantar Worldpanel's number one new innovation of 2016, continued to grow well, and enjoyed a 141% rise in CRPs, up to position 38 in the ranking. The brand is 32% more likely to be consumed for health reasons than the category average, and successfully expanded the target market, appealing to older

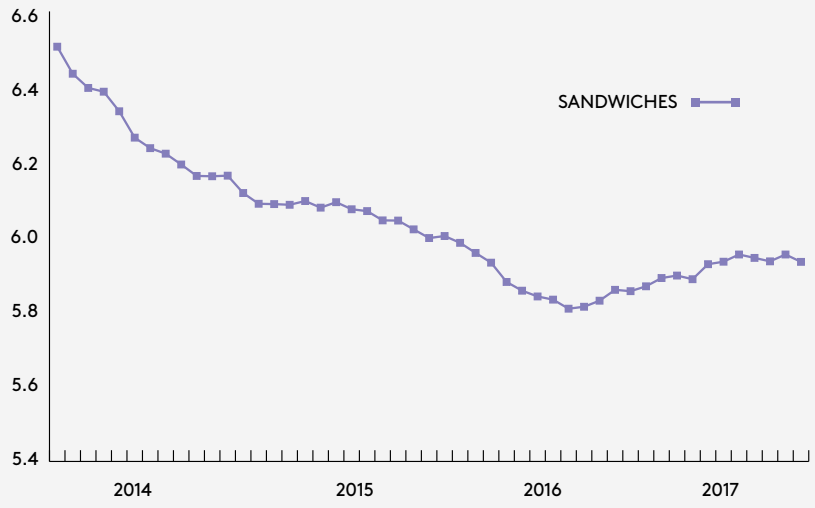
consumers who wanted to reduce their fat and sugar intake. Light and Free has also targeted more moments of consumption with success at the evening meal occasion which is in decline for yoghurts in general.

Arla's yoghurt brands also played into the need for positive health, with the brand's ranges including options with added Protein, Fibre pots, and Skyr which is protein rich but fat free.

Perfect Partners

Products in the dairy sector are usually consumed with another type of food or drink – in fact this happens 95% of the time. Cheese sandwiches are one of the top dairy dishes, supporting 1.9 billion occasions annually, an increase of 2% in the past year. Pilgrim's Choice, in position 18, saw growth of 4% in part due to more moments of consumption off the back of the growth in sandwiches. Pilgrim's Choice also benefitted from wider distribution of the 550 gram pack which became available in Asda and helped attract more families to the brand. Enjoyment is notably a key consumption driver of the brand.

BILLIONS OF SANDWICH OCCASIONS



38%

LUNCHES FEATURE A SANDWICH

26p

PREMIUM PAID FOR A CHEESE SANDWICH OCCASION VS OTHER KINDS OF SANDWICHES

Kantar Worldpanel Usage | 52we rolling data | In Home/carried out

Cathedral City, in second position, saw a 5% increase in CRPs. The growth came mainly through higher frequency of purchase particularly of the Extra Mature and Lighter lines. The brand successfully tapped into a growing moment, as cheese in cooking is the fastest increasing usage in the category. The brand has also added more snacking products to the range.

Butter has grown well, boosted by the focus on natural products over processed ones. Last year saw significant price inflation for butter as a Europe-wide milk shortage drove up the prices. Anchor, in position 10, managed to restrict price rises which has led to gaining both new shoppers, and established shoppers buying more often. As a result CRPs increased by 3%. In addition, the brand changed packaging to emphasise its British credentials; sourcing milk from Wiltshire playing into a trend of shoppers wanting to buy local.

DAIRY	VS	DAIRY-FREE
32% OF DAIRY BUYERS AGREED THAT DAIRY PRODUCTS ARE GOOD FOR YOU		PURCHASED BY ONE THIRD OF HOUSEHOLDS
63% BELIEVE DAIRY TO BE A NATURAL SOURCE OF PROTEIN		**11%** OF SHOPPERS CLAIM A DAIRY INTOLERANCE

"The biggest consumer food trends are natural, healthy and high protein. Dairy is brilliantly placed to take advantage of all of these through both the current offerings and sustained innovation efforts. The future of dairy is very bright and Arla are determined to be at the forefront of it."

Danny Micklethwaite,
Vice President Marketing, Arla

Whilst most spreads have been suffering in the face of the focus on natural products, Clover has bucked that trend. In position 13 its CRP increase of 5% is a result of both more shoppers and higher frequency. Increased presence has come as a result of more distribution in Tesco, as well as a new listing in Lidl. Clover has grown occasions of consumption with an increase of 2% at breakfast and 1% for carried-out lunches.

Lifestyle Choices

The dairy-free category is now purchased by one third of households, yet only 11% bought it because they are actually dairy intolerant. So a large part of the 22% growth enjoyed by the category last year was down to lifestyle choice. In many ways this also ties into the general focus on health as brands use well-being messages to promote their products.

Alpro has been particularly successful at tapping into the health trend, with brand positioning around naturalness and plant-based health benefits that resonated with consumers. The brand rose three places in this year's ranking to position 6 with an 18% increase in CRPs. Alpro also benefitted from a growth at breakfast - the core occasion for dairy. It was 87% more likely to be consumed at this time than the category average. Expanding out across more categories has been a key driver of Alpro's long term growth, including the launch of coffee-flavoured milks last year. The fastest growing sector within Alpro was potted desserts, which saw a 142% value increase compared to last year.

Alpro also gained more presence in-store. As they launched more variants, so they gained more shelf-space. The brand worked with Tesco on the free-from aisle and had a significant profile in the store. As a result of all the activity, penetration grew by 3.5% points on last year.

Lactofree, which offers real dairy but without the lactose, is in position 19 increasing CRPs by 7%. It successfully attracted more new shoppers whilst retaining existing ones, resulting in the brand having one of the highest levels of loyalty amongst its dairy competitors.

Valuable Innovation

Many of the well-known brands in this ranking have found ways to add value by innovating into new areas. Wall's Magnum was a prime example, also managing to expand the moments of consumption for the brand known best for its single serve "choc ice on a stick". In the last year Magnum rolled out a pint tub for the sharing occasion which contributed to an increase in CRPs of 3%. In addition, the "Magnum Double"

Brand Focus: Arla

Arla is a major dairy manufacturer, under a variety of brand names. For the purposes of this ranking, we measure the brand that the consumer sees and chooses at the shelf, so brands such as Lactofree and Cravendale have been treated as separate brands. When looking purely at the Arla brand, CRPs increased by 64% in the last year, rising 13 places in the ranking to position 22. This was real, not inflationary, growth and was driven by both new shoppers - an increase in penetration of 5.2% and shoppers buying more often - and a frequency increase of 23%. The key drivers of this performance were milk and yoghurt brands.

Arla's milk brands, which include Best of Both Milk and Arla Farmers Milk, continued to see considerable growth with Arla Organic recently added to the range and already reaching 1.4% penetration by October 2017. Arla Skyr and Protein Yoghurts also added new SKUs to their range. Both the milk and yoghurt brands drove value into their respective categories, with 46% of Skyr's volume being incremental.

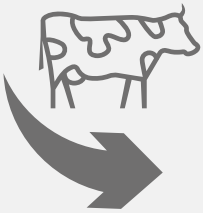
The dairy sector has had a strong year. However key to future growth is continuing to find ways to drive more value, and to be very aware of the importance of pairing with food and drink. The balance between pure dairy and dairy alternatives continues to evolve. Dairy brands need to have their finger on the consumer pulse and in particular be aware that the focus on health looks likely to continue for some considerable time to come.

campaign ran again with the messaging this time around; "release the beast, dare to double". Two new flavours - raspberry and coconut - were added to the range and on average shoppers spent more on the brand; £6.28 compared to £5.25 in 2016.

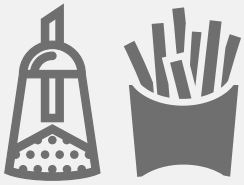
Number 1 dairy brand Müller is a very significant player in the dairy sector. They are present in both milks and yoghurts and have been innovating in both areas. Müller Light Kremas was one of Kantar Worldpanel's Top 10 innovations of 2017. Kremas is a light version of whipped Greek-style yoghurt, in keeping with the growth of healthier, lower sugar options. Kremas won its category in the 2017 product of the year awards. Other new launches last year included Müller White Velvet and Müller Rice 5 Grains. The brand's growth in milks last year was driven by increased presence of their standard milk in convenience and non-grocery stores, which means people are choosing Müller milks more often. Growth is particularly coming from pre-family and young families through the convenience channel.

Arla, in position 22, had a strong innovation pipeline (see breakout box). In particular Arla has changed milk from a commodity category and added value through such ranges as Best of Both, Farmers Milk and Organic – each satisfying a slightly different need. Cravendale, one of the first milks to offer something more with its fresher for longer filtered product, is at position 8 in the ranking, with a CRP increase of 3%.

Future Trends



Dairy in the on the go market a key opportunity



Attention turns from sugar to saturated fats

Manufacturers respond to consumer concern about plastic waste

About Brand Footprint

Kantar Worldpanel believe that brands grow by increasing the number of people that buy them, their penetration. There are five strategic levers which we have identified that lead to brand growth.

Brand Footprint is our global study of which brands shoppers are choosing to buy, and why. The metric used to measure this is called Consumer Reach Points (CRP) and it is calculated by looking at penetration and frequency in combination with the number of households in the country.

Find the full global report at kantarworldpanel.com/brand-footprint-ranking