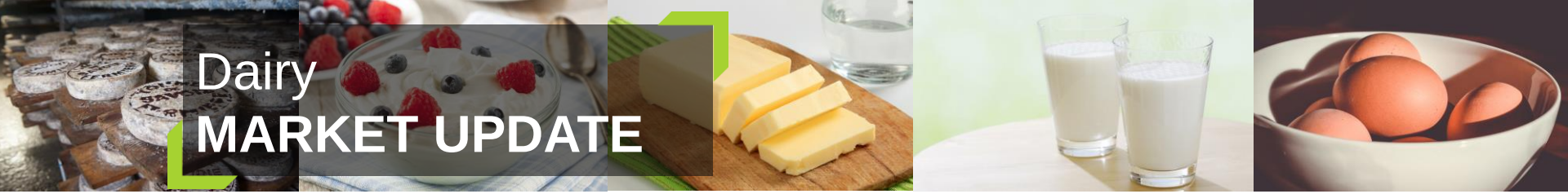

Dairy MARKET UPDATE

Growth in butter spreads far and wide

The dairy market saw a slight improvement in growth in the latest 12 weeks, growing 3.8% YoY. This is faster than the total grocery market and fresh and chilled (growing at 3.5% and 2.7% respectively). Dairy also continues to grow faster in volume terms at 1.8% (compared with 0.2% and 0.5% respectively) as shoppers buy more dairy per trip, although rising prices remain the biggest driver of growth.

Butter is contributing most to the growth of the sector, gaining 29.5million in value - up from £24million last period. This continues to come almost completely through increasing prices, a long term and much reported trend. There also positive step changes in cheese, cream and margarine.

When we look at retailers, it has been a very positive 12 weeks for the Big 4 which are responsible for almost all the positive upturn, although Waitrose sees an improvement to their negative contribution and Iceland a nominal increase.

A number of retailers take the spoils of the growth seen in butter this period – notably Tesco and Morrisons with Sainsbury's and Waitrose not far behind.

The growth in butter has been seen across all social classes and life stages except young families, who instead are switching to margarine in response to rising butter prices.

Finally all of butter's positive uplift has come through full price sales, with promoted sales contributing less to growth. Despite this being in line with the general trend towards price simplicity in the overall grocery market, it's contradictory to the trend in dairy this period - where full price sales are in decline and growth comes through the long term decline in promotions being stemmed.

	12 weeks to 08/10/17	Year-on year change	12 weeks to 08/10/17	Year-on-year change
	£ millions	%	(millions pref unit)	%
Total Dairy	2,375.8	3.8	2,979.9	1.8
Total Milk	720.8	2.4	1,232.7	1.1
Total Cheese	629.8	3.1	98.6	-0.2
Yoghurt	348.1	2.4	141.8	0.3
Eggs	192.8	4.2	1,360.6	3.2
Butter	185.3	19.0	33.9	-7.7
Margarine	113.7	2.6	48.1	1.9
Fresh Cream	71.9	8.9	20.4	-2.3
Yoghurt Drinks + Juices	64.6	-1.9	20.7	-1.4
Fromage Frais	44.2	-4.2	15.9	-0.7
Lards + Compounds	4.6	9.3	7.2	3.3