

Market Intelligence Digest

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The Department of Trade and Industry - Export Marketing Bureau (DTI-EMB) is mandated to oversee the development, promotion and monitoring of Philippine exports. The DTI-EMB provides the exporters the enabling environment to make them globally competitive.

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A year of innovation in dairy drinks, 2020

Dairy drinks are innovating around issues which cause consumers to switch to plant milks, and the link between gut health and immunity is being explored.



Global opportunities

Explore the links between gut health and immunity

Dairy drinks continue to innovate around digestive health benefits, but the COVID-19 outbreak has brought new significance to the link between digestive health and immunity. Brands are also innovating around other nutrients that support overall health e.g., vitamin D, and protein.

Tackle issues that prompt switching to plant milks

With the plant-based milk market in strong growth and expanding its consumer audience, dairy drinks can proactively focus on issues that prompt people to ditch dairy for plant alternatives. A testament to this, launches with animal welfare, planet-friendly and lactose free claims are growing in North America.

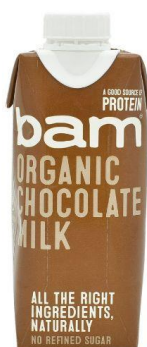
Market Intelligence Digest

Volume 2 Issue No. 41 | August 2020

Flavored milk is growing up

In some regions, flavored milk is encumbered with an image of being mainly for kids as well as sugar heavy. However, recent innovation suggests brands are attempting to make the drink more suitable for adult palates and also a more nutritionally-robust option.

Mintel's pick of the most innovative launches in this review



Honey helps to reinforce clean-label appeal

bam Organic Chocolate Milk is made with honey instead of refined sweetener and contains no more than five ingredients (UK).



Vegetable fat replaces animal fat

Artelac Bio Milk with Vegetable Fats claims to be the first dairy product to replace animal fat in milk with 100% high oleic vegetable fat, helping to reduce cholesterol (Spain).



Foodies, baristas and farmers collaborate

Milklab Lactose Free Milk for Coffee contains milk from Australia's Goulburn Valley that, with the farmers' help, has been specially crafted to perform with espresso coffee (Australia).

Market Intelligence Digest

Volume 2 Issue No. 41 | August 2020

The opportunities: Europe, the Middle East and Africa (EMEA)

Explore functional health benefits

Dairy drink brands can add value to the category by delivering multiple health benefits, extending beyond gut-health. The level of competition in gut health drinks compels brands to identify other means of standing out from the crowd.

Balance health with indulgence

Develop flavored milks which are indulgent, yet low in sugar to attract consumers to the category. Brands can also look to nutrient fortification as a way to expand the consumer base.

Highlight the benefits of live bacteria

Brands can appeal to consumers who are adopting preventative health measures during the COVID-19 pandemic by highlighting fermented drinks links with immune health (e.g., high probiotics, calcium and vitamin C). Such claims must adhere to regulatory guidelines.

Functional claims in dairy drinks are rising

Functional health claims are prevalent in dairy drink launches, primarily in drinking yogurts, but more milk products are calling out their intrinsic nutrients' benefits.

Europe: dairy drink launches, by share of functional health claims



Source: Mintel GNPD

Market Intelligence Digest

Volume 2 Issue No. 41 | August 2020

The opportunities: Asia Pacific (APAC)

Assure dairy consumers about safety credentials

There are signs that trust in China's dairy industry is increasing, although imported goods are still more likely to be preferred than locally-sourced products. To boost consumer trust in local dairy goods, producers are offering more detail and technical information about safe production and distribution.

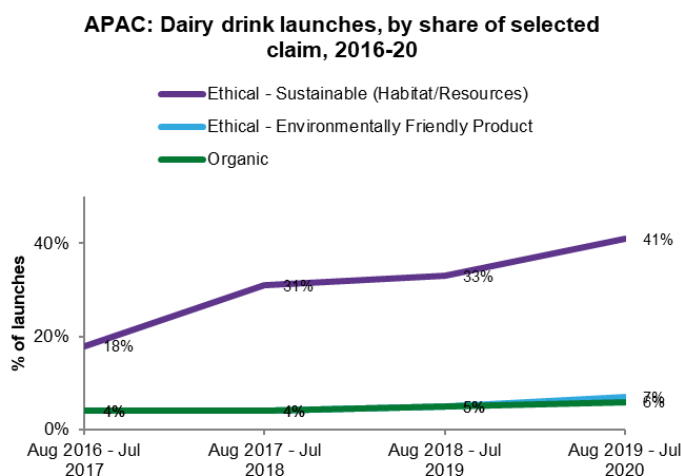
Organic dairy drinks expand their presence

The dairy drinks category in APAC has seen a rise in launches with organic claims, as producers use the label to quell consumer concerns about the safety of dairy production and its impact on the environment.

Flavored milk grows up

Having struggled with an image of being for kids and being sugary, flavored milk producers in Asia are innovating around more adult cues, such as added nutrients, interesting textures and more sophisticated flavors.

Dairy drink launches with organic claims record an increase in APAC



Source: Mintel GNPD

Corresponding with consumers heightened awareness of food safety issues and rising concerns about the environment, dairy drink launches featuring an organic claim have recorded an increase in recent years. In the year to July 2020, organic claims featured on 6% of new dairy drink launches, up from 5% the year before.

Market Intelligence Digest

Volume 2 Issue No. 39 | August 2020

Organic is also synonymous with healthiness for many consumers, as well, suggesting dairy drink producers are using the claim to convey a raft of positive credentials. However, dairy producers in China should be aware that the process of organic accreditation is facing stricter controls.

The opportunities: The Americas

Dairy drink makers boost usage of cartons

The share of dairy drink launch activity in cartons has exceeded that in bottles, as producers leverage the environmentally-friendly image of carton formats. Brands have opportunities to innovate around new eco-friendly packaging technology.

Dairy drinks addresses their weaknesses

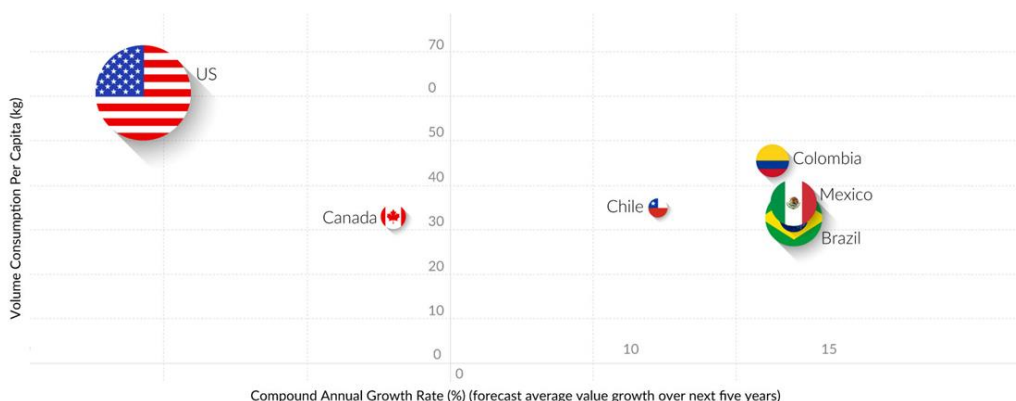
Dairy drink producers can proactively compete with the threat from plant-based alternatives by enhancing their ethical and health (e.g., lactose-free) credentials. This is already being seen with increased launch activity featuring animal welfare, environmental-friendly product and lactose-free claims.

Innovate around preventative health

In Latin America, the COVID-19 pandemic has heightened consumer awareness of the diet's role in supporting immune health. Although specific claims referring to immunity are rare in dairy drinks in this region, brands can innovate around relevant vitamins or gut-health ingredients to create preventative solutions.

Americas retail market overview: dairy drinks, 2020

Per capita consumption is high in the US but growth is struggling, while Mexico and Brazil are forecast to see steady growth.



Source: Mintel Market Sizes

