Dairy Drinks, Milk and Cream - UK - April 2013

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"With three in ten users saying they rarely cook recipes that involve cream, communicating the versatility of cream as a cooking ingredient, such as with on-pack recipes, has scope to encourage usage."

– Kiti Soininen, Head of UK Food, Drink & Foodservice Research

In this report we answer the key questions:

- What key issues should cream companies address to encourage more frequent usage of cream in cooking?
- What market trends can flavoured milk tap into to support its growth prospects?
- How can brands add value to standard white milk?
- How can brands position milk to more effectively appeal to women?

The dairy drinks, milk and cream market experienced its third consecutive year of value decline in 2012 to stand at £3.9 billion, while volume sales continued to grow, managing to reverse most of 2010's decline to stand at 5.3 billion litres.

Rock-bottom pricing in standard white milk has been making it difficult for households to justify trading up to added-value filtered, healthy or speciality milk, while cream sales also struggled in 2012. On a more positive note, lactose-free milk and dairy alternatives are helping to support milk sales, by driving NPD in the market and recruiting new users, while flavoured milk shows little sign of running out of steam.

Widespread farmers' protests against price deflation in the industry in summer 2012 drew the country's attention to their plight. The outcome seems to be largely positive with several initiatives underway to make contract pricing more transparent and most major grocery multiples have raised their own-label prices to pre-2011 levels, following recent price wars. Almost one in four milk buyers will favour brands which guarantee fair pay to farmers, something which should continue to offer an incentive for retailers to raise prices paid to farmers, but also provide some scope to raise retail prices, much needed with own-labels shouldering the lion's share of value losses in the market during 2012.

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market