

## Yogurt - China - August 2018

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"Although consumers' consumption frequency is lower than last year, China's yogurt market will keep growing in both the ambient and chilled sectors. The active innovation in flavour and texture, and the introduction of new product formats will drive the premiumisation trend. Local brands have started to join the national competition, which is good for the market to stay in a healthy developing status."

- Loris Li, Associate Director, Food & Drink

This report looks at the following areas:

- Ambient yogurt can be positioned as a healthy snack
- New flavour can drive business but texture innovation deserves attention
- Introduce new product formats to enrich the market

China's yogurt market has already become the largest one in terms of volume in the world. The growth rates of the retail market's value and volume have been in double digits for the past five years, making yogurt business a very attractive area in China's food and drink industries.

One unique feature of China's yogurt market is the popularity of ambient yogurt. Competition has been strong and innovation has been very active as well.

However, chilled yogurt may be a better choice to lead the premiumisation trend happening in the yogurt market.

The growth rate for the category of lactobacillus drinks has seen a slowing trend in 2017, but may go slightly higher in 2018 because of the innovative products with a reduced sugar level. Although ambient lactobacillus drinks have contributed a good performance between 2015 and 2016, this category has some difficulties, such as concern about sugar intake, and demand for live bacteria may be the next. Brands need to make lactobacillus drinks healthier to keep consumers interested.

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### DID YOU KNOW?

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

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