

## Milk and Flavoured Milk - China - May 2019

Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Globally, fortified/added nutrition milk products have gained rising popularity owing to consumers’ high interest. Meanwhile in China, though consumers also want milk with fortified nutrition, current innovation focuses on ‘minus’ claims to build the ‘simpleness’ image.”  
**– Crystal A, Research Analyst, Food and Drink**

This report looks at the following areas:

- Spread knowledge about pasteurisation through easy-to-understand communication
- Introduce fortification in milk, tailor-made to different demographics
- Find a balance between health and indulgence for flavoured milk

The retail market volume of milk and flavoured milk in China has stabilised. There is still scope for the milk category to increase consumption frequency (and thus a need to create more consumption occasions) and expand into lower tier cities. While the national giants are expanding into new business areas and gaining more market share, regional dairy enterprises are switching into the chilled segment to avoid direct competition with the “big two”.

**BUY THIS  
REPORT NOW**

**VISIT:**  
store.mintel.com

**CALL:**  
EMEA  
+44 (0) 20 7606 4533

Brazil  
0800 095 9094

Americas  
+1 (312) 943 5250

China  
+86 (21) 6032 7300

APAC  
+61 (0) 2 8284 8100

**EMAIL:**  
reports@mintel.com

### DID YOU KNOW?

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

# Milk and Flavoured Milk - China - May 2019

Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Table of Contents

### Overview

What you need to know  
 Covered in this report  
 Excluded  
 Definition

### Executive Summary

#### The market

The market has stabilised but there is a scope to stimulate consumption volume

Figure 1: Best- and worst- case forecast for milk category, by value, China, 2013-23

Figure 2: Best- and worst- case forecast for milk category, by volume, China, 2013-23

Pasteurised milk enjoys the highest growth rate

Figure 3: Retail value of each segment within milk category, China, 2014-18

Companies and brands

Leading brands grow stronger and the concentrate ratio further increases

Figure 4: Leading companies' share of milk market, China, 2017 vs 2018

Innovation focuses on "minus" claims, but opportunities in "fortified" products may be lost

Creating more appropriate consumption occasions

The consumer

Ambient plain milk and chilled plain milk see differences in consumption frequency

Figure 5: Consumption frequency of drinking milk, December 2018

Generous spending on plain milk

Figure 6: Spending on plain milk, by family structure, December 2018

Original is the top preferred flavour for milk

Figure 7: Flavour preference, December 2018

Healthy features are wanted

Figure 8: Triggers for innovative flavoured milk, December 2018

Figure 9: Features of milk, December 2018

Perceptions regarding UHT milk reveal confusion

Figure 10: Attitude towards milk, December 2018

Shorter transportation distance means freshness

Figure 11: Attitude towards milk, December 2018

What we think

### Issues and Insights

Spread knowledge about pasteurisation through easy-to-understand communication

The facts

The implications

Figure 12: Kedi's "small white milk" is sold in cold-storage areas, China

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Milk and Flavoured Milk - China - May 2019

Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 13: New Hope's "Golden 24 hours" pasteurised milk highlights freshness, China

Figure 14: Product introduction page of Bright's Ubest on Tmall, China

Introduce fortification in milk, tailor-made to different demographics

The facts

The implications

Figure 15: Yili's Satine high protein milk and Mengniu's Selected Meadow high calcium milk, China, 2018

Figure 16: Product examples of fortified milk products carrying "minus" claims, South Korea, Japan and Thailand, 2018

Figure 17: Product examples of milk products targeting fitness enthusiasts, Ecuador and Brazil, 2018

Find a balance between health and indulgence for flavoured milk

The facts

The implications

Figure 18: Product examples of flavoured milk products with better-for-you claims, US, 2017

Figure 19: Product examples of flavoured milk products positioned as both healthy and indulgent, US, 2017

Figure 20: Binggrae's product preannouncement on Instagram, South Korea, 2018

## The Market – What You Need to Know

The market for milk has stabilised

Consumption classification brings opportunity

Pasteurised milk enjoys a high growth rate and will gain momentum

## Market Size and Forecast

The growth of the market mainly relies on retail price increases

Figure 21: Retail market value and volume of milk category, China, 2014-18

Figure 22: Retail value and volume growth rate of milk category, China, 2014-18

Stable market outlook for the following five years

Figure 23: Best- and worst- case forecast for milk category, by value, China, 2013-23

Figure 24: Best- and worst- case forecast for milk category, by volume, China, 2013-23

## Market Factors

Consumption classification (消费分级) brings trade-up opportunities

Expanding middle class are switching into more upgraded dairy products

Lower tier market offers potential for scale growth

Raw milk price increase stimulates retail price

Government issues guidance on domestic milk sources

## Market Segmentation

White UHT milk still accounts for the largest proportion

Figure 25: Milk segment, by value, China, 2018

Figure 26: Best- and worst- case forecast for white UHT milk, by value, China, 2013-23

Pasteurised milk enjoys the highest growth rate

Figure 27: Retail value of each segment within milk category, China, 2014-18

Figure 28: Mengniu's Shiny Meadow (每日鲜语) highlights high-quality farm, high protein and freshness, China, 2018

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Milk and Flavoured Milk - China - May 2019

Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 29: Best- and worst- case forecast for white pasteurised milk, by value, China, 2013-23

Manufacturers and brands lack incentive for flavoured milk innovation

Figure 30: Best- and worst- case forecast for flavoured milk, by value, China, 2013-23

## Key Players – What You Need to Know

Leading players continue to dominate the market

Maintaining the strength of hero products

Creating new consumption occasions

## Market Share

Leading brands become even stronger, further increasing the concentration ratio

Figure 31: Leading companies' share of milk market, China, 2017 vs 2018

Regional brands face different business situations

Bright faces challenges from both national brands and other local brands

New Hope, Junlebao consolidate their positions in their own battlefields

Modern Dairy achieves growth of its downstream milk brands (下游牛奶品牌) by virtue of Mengniu's channel

Figure 32: Product examples of joint milk/yogurt brands, Modern Dairy and Mengniu, China

## Competitive Strategies

Strengthen management of the industry chain through vertically integration

Maintain the strength of star products

Figure 33: Deluxe's online-exclusive version highlights the use of a Beijing embroidered design, China, 2018

Sink to lower tier markets to engage more consumers

Regional manufacturers are tapping into the "freshness" trend

## Who's Innovating?

The big picture overview

White milk is more active than flavoured milk, and the gap keeps enlarging

Figure 34: New launches in the whole milk category (include liquid and powdered milk), by subcategory, China, 2014-18

Targeting different consumer groups

Figure 35: Noteworthy claims of new launches of the whole milk category (include liquid and powdered milk), China, 2014-18

In terms of storage formats, ambient is mainstream

Figure 36: New launches of liquid milk category (include white milk and flavoured milk), by storage, China, 2014-18

Offer "simplicity" to white milk drinkers

Figure 37: Yogurt brand Simple Love claims its product only has raw milk, sugar and lactobacillus

Figure 38: Selected claims of new launches of white liquid milk, China, 2014-18

Figure 39: Product examples of Bright Ubest's fat-free fresh milk

Take inspiration from popular flavours in other categories

Figure 40: Selected flavours of new launches of flavoured liquid milk, China, 2014-18

Figure 41: Product examples of flavoured milk with popular flavours, China, 2018

Figure 42: Terun's yogurt products with interesting flavours, China, 2018

Expand on consumption occasions

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Milk and Flavoured Milk - China - May 2019

Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 43: Product examples of dairy drinks with fruits, oats, Brazil, India, and US, 2017-18

Figure 44: Mengniu's new packaged Deluxe with a bottle cap, China, 2018

## The Consumer – What You Need to Know

Ambient plain milk has more heavy users

Generous spending on plain milk

Fortified nutrition is wanted

Shorter transportation distance means freshness

## Frequency of Drinking Milk

Ambient plain milk has more heavy users

Figure 45: Consumption frequency of drinking milk, December 2018

Acceptance of chilled plain milk varies by city

Figure 46: Consumption frequency of chilled plain milk – selected frequency, by city, December 2018

Consumers with kids have highest frequency across all types of milk and milk beverage

Figure 47: Percentages of heavy users for drinking milk, by family structure, December 2018

## Spending on Plain Milk

Generous spending on plain milk

Figure 48: Spending on plain milk, December 2018

Figure 49: Spending on plain milk, by family structure, December 2018

More education needed on pasteurised milk to lure more general drinkers

Figure 50: Frequency of drinking chilled plain milk, by spending on plain milk – RMB201 or above, December 2018

## Features of Milk

Fortified nutrition is the most popular feature

Figure 51: Features of milk, December 2018

Nut/soy-based milk products appeal to females more, but at different ages

Figure 52: Features of milk – nut-based and soy-based milk, by gender and age, December 2018

## Flavour Preference

Original flavour most preferred

Figure 53: Flavour preference, December 2018

Rising popular flavours in other categories are also wanted in milk

Figure 54: Flavour preference – selected flavours, by age, December 2018

Exotic flavours hold potential among high earners

Figure 55: Flavour preference – selected flavours, by monthly personal income, December 2018

## Triggers for Innovative Flavoured Milk

Healthy benefits are favoured by all

Figure 56: Triggers for innovative flavoured milk, December 2018

Use creative ideas to make flavoured milk unusual to appeal to high earners

Figure 57: Triggers for innovative flavoured milk – selected features, by monthly personal income, December 2018

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)

# Milk and Flavoured Milk - China - May 2019

Report Price: £3302.97 | \$4460.00 | €3717.16

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

## Opportunity for fizzy milk

Figure 58: Triggers for innovative flavoured milk – fizzy texture, by age, December 2018

## Attitudes towards Milk

### Perceptions regarding UHT milk reveal confusion

Figure 59: Attitude towards milk, December 2018

### Plant-based protein is not valued as much as animal-based protein

Figure 60: Attitude towards milk, December 2018

### Shorter transportation distance means freshness

Figure 61: Attitude towards milk, December 2018

Figure 62: Attitude towards milk, December 2018

## Appendix – Market Size and Forecast

Figure 63: Total market value of milk, China, 2013-23

Figure 64: Total market volume of milk, China, 2013-23

## Appendix – Market Segmentation

Figure 65: Total market value of white liquid – UHT milk, China, 2013-23

Figure 66: Total market volume of white liquid – UHT milk, China, 2013-23

Figure 67: Total market value of white liquid – pasteurised milk, China, 2013-23

Figure 68: Total market volume of white liquid – pasteurised milk, China, 2013-23

Figure 69: Total market value of flavoured liquid milk, China, 2013-23

Figure 70: Total market volume of flavoured liquid milk, China, 2013-23

Figure 71: Total market value of white powdered milk, China, 2013-23

Figure 72: Total market volume of white powdered milk, China, 2013-23

## Appendix – Methodology and Abbreviations

Methodology

Fan chart forecast

Abbreviations

**BUY THIS  
REPORT NOW**

**VISIT:** [store.mintel.com](http://store.mintel.com)

**CALL:** EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

**EMAIL:** [reports@mintel.com](mailto:reports@mintel.com)