

AHDB Consumer Insight Snapshot

Dairy Host Foods

Dairy isn't usually consumed by itself, so where do the most common host foods currently stand in the market?

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Dairy spending is in growth: the category grew **+4.8%** last year, more so than the total grocery category

64% of food occasions feature dairy

32%
feature meat

23%
feature
vegetables

95% of dairy is consumed with a host food or drink

Dairy is rarely consumed by itself – most occasions that feature dairy also include a 'host' food or drink

Kantar Worldpanel usage | 52 w/e January 2018 | Dairy consumed with other host foods

But there are fewer dairy occasions and some people are planning to cut back

15% of millennials intend to consume **more dairy alternatives**

A quarter of milk users have cut back or limited standard cow's milk for health reasons in the past year (Mintel)

17% of a panel of consumers either had already or planned to reduce dairy over the next 12 months, compared to 7% that intended to consume more (Foresight Factory)

Total dairy occasions vs LY
-249m

With the potential for consumers to **decrease** their **dairy consumption**, are there ways we can utilise **host foods** to **combat** the effects?

Dairy is heavily reliant on hosts foods, but the sales of some key hosts are in decline

% of dairy occasions

YOY change

57%
Tea/coffee
-2%



11%
Sandwiches/
toast/crackers
-1%



1%
Sweet baking
-8%



24%
Cereals
+2%



8%
Cooking from
scratch
+6%



Need to partner
with/champion growing
host foods to
positively impact **dairy**
growth

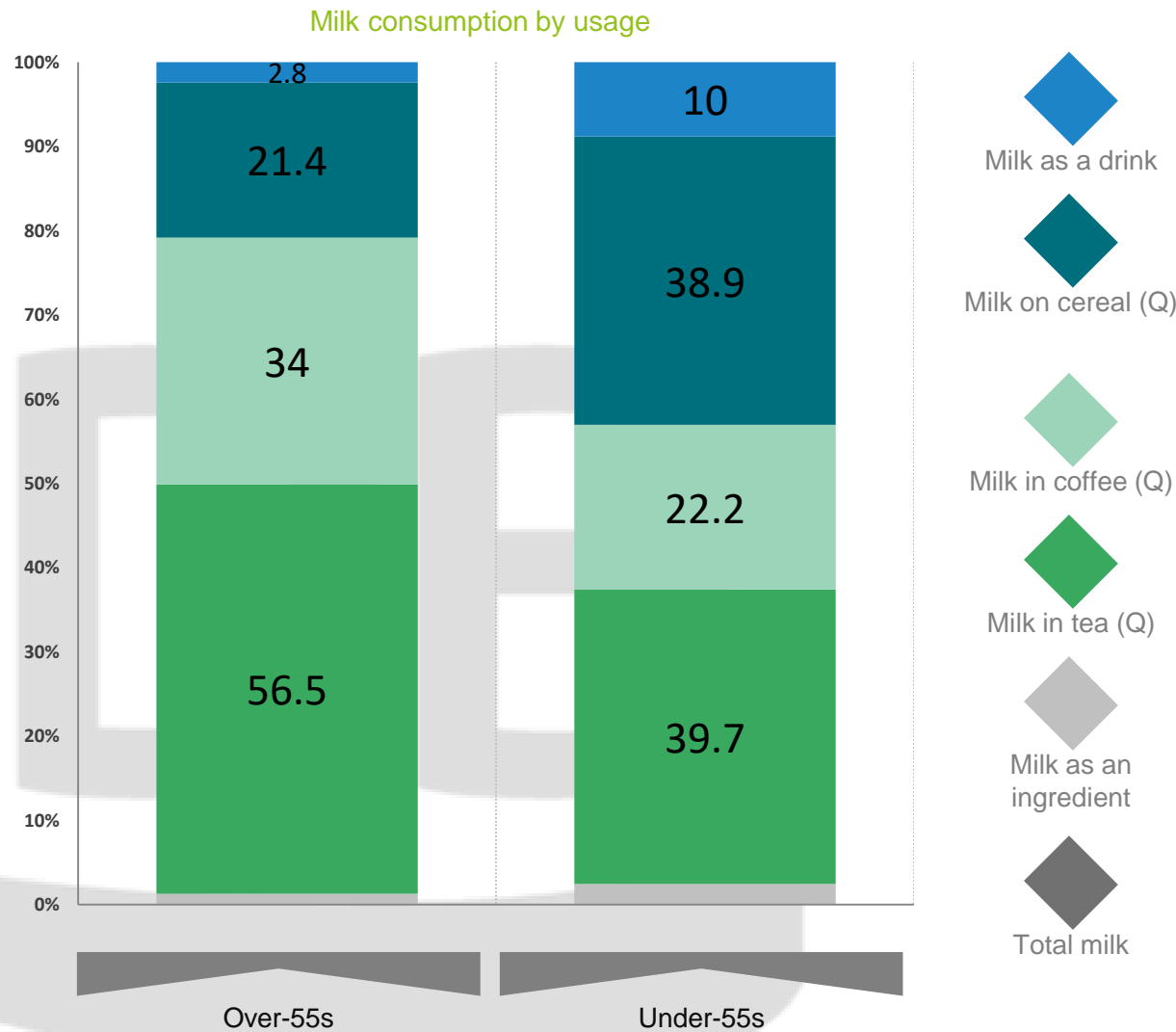
Decline in hot drinks accounts for most loss in occasions. Younger people drinking less tea and coffee at home than in the past

Traditional black tea is being challenged by **herbal and fruit teas**, **coffee** (coffee-shop culture) and **soft drinks**. **Hot chocolate** and **malTED drinks** are also in decline.



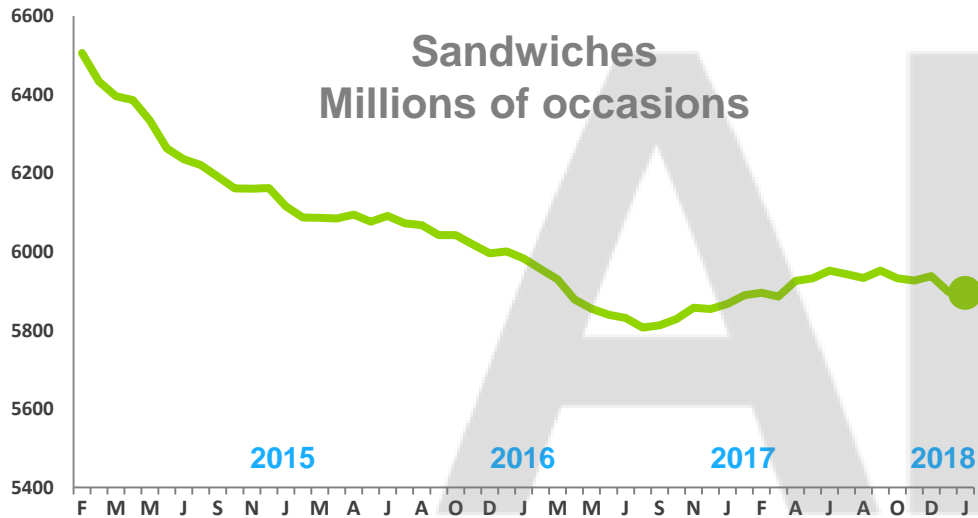
However, **flavoured milk drinks** are considered **more healthy** than **fizzy soft drinks** by 38% of milk buyers, which is positive for potential growth opportunities.

Mintel



The over-55s category particularly over-indexes in using milk in tea

Sandwiches are challenged by other lunch box options and shift away from traditional white sliced bread to healthier options



Dairy features in **87%** of all sandwiches and has remained fairly static at this level for the last few years.

However, sandwiches have become **less popular** over time.

Almost **90%** eat cheese in a sandwich. The same eat it on toast (Mintel)

Soups, salads, pies and pastries growing at lunch times



-584m
bread occasions since 2015

5/6 adults had lunch boxes in 2017

Sandwiches were **back in growth** this year following years in decline, but still falling at lunchtimes.

Carried-out lunches are **back in growth** – **cheaper** and **healthier**.

But dairy features **less** in lunch boxes than before



White bread
-2%

Crackers/Crispbreads
-10%

Bagels
-5%

Brown bread **+15%**

Pitta bread **+20%**

Grained bread **+11%**

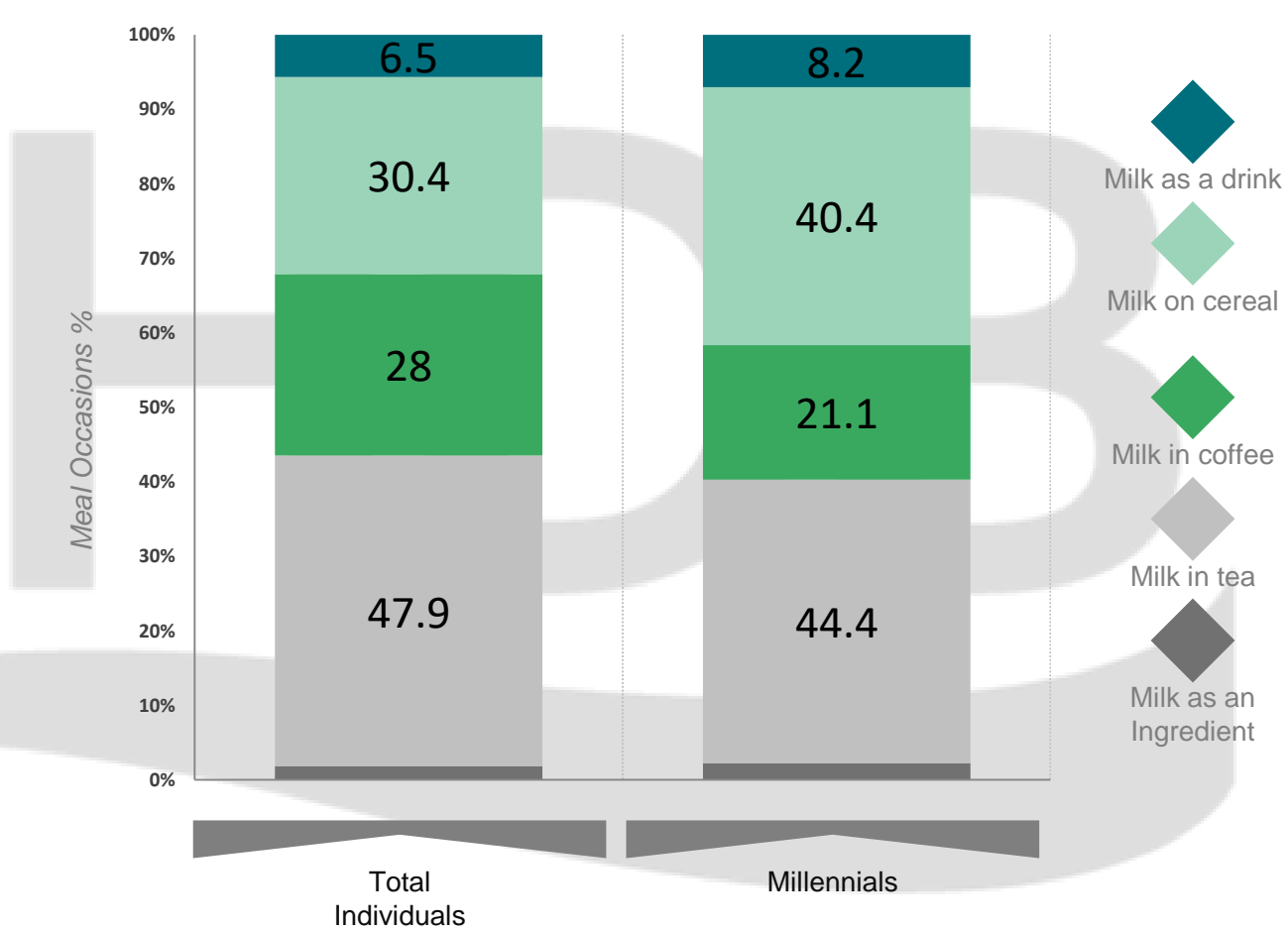
Tortilla wraps **+9%**

Cereals and savoury cooking are the two categories where milk usage is growing. This is particularly key for millennials

Increasing use of butter as an ingredient in **savoury cooking** (in terms of growth vs spreading, baking, topping dishes)

Dairy **alternatives** are also used more at breakfast on cereal than in hot drinks

Growth in consumption with **cereals** is also being driven by breakfast **yoghurt** growth



Cheese is a key ingredient in savoury cooking; many dishes that utilise cheese are growing in popularity

Despite the sandwich remaining the most popular meal choice in the UK, there is growing consumer preference for the cuisine of other countries, many of which do or could contain dairy

Dairy is present in **65%** of **main meal** occasions

52 w/e 10 Sep 17

+16%
Vegetarian Dishes



+2%
Italian Food



+6%
Indian Food



+10%
Porridge



Cheese has been used as an ingredient in meals at 5% more occasions than last year

Opportunities:

Albeit from a low base, vegetarians are eating/drinking **more dairy** than before, so vegetarian dishes, sandwiches and Italian food are a key area for growth

Kantar Worldpanel Usage | Cheese used as ingredient | 52 w/e 28th January 2018

Demographic influence

Millennials and consumers in the family life-stage offer the biggest opportunities for growth: over 10% in each demographic group planned to up their dairy consumption (Foresight Factory)

Millennials' **top meal choices** differ to total consumers – **Italian food, pizza, Indian food**, as opposed to roast dinners and sandwiches

Millennials are **more likely** to have milk with cereal rather than tea and coffee at home – more **ready-to-eat cereals** than porridge oats or muesli

20% of all cheese occasions had by millennials feature in **Italian food** – millennials add more **cheese to top dishes**

Millennials **less likely** to use **butter** on their **bread** – but tortillas and pitta breads are growing hosts

Key considerations & opportunities for the dairy sector

Considerations

- Decline in previous key occasions, driven by millennial influence:
 - Fall in consumption of hot drinks such as tea and coffee at home
 - Changing nature of sandwiches and lunch boxes
 - Less butter in sweet baking

Opportunities

- Use product innovation to make dairy consumption more convenient
- Consider which host foods to showcase and partner with, carefully
- Vegetarians are consuming more dairy as a component of meals – potential to expand market
- Look to innovate to reinvigorate at-home hot drinks occasions including dairy eg barista milk for at-home lattes
- Explore partnerships with tea industry – activations to encourage tea drinking amongst millennials



A wide-angle photograph of a lush green field, possibly a wheat or barley field, with a narrow path leading from the foreground towards the horizon. The sun is low on the horizon, creating a bright glow and long, soft shadows. The sky is filled with scattered clouds, some of which are illuminated by the setting or rising sun, showing shades of orange, pink, and blue. The overall scene is peaceful and evokes a sense of rural life and agriculture.

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