YOGURT AND YOGURT DRINKS – UK – 2023

Volume sales of yogurt have declined, but its image as a guilt-free treat will help support sales. Less-sweet flavours, tradition and simplicity are set to chime.

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Yogurt And Yogurt Drinks - UK - 2023

This report looks at the following areas:

- The impact of the rising cost of living on yogurt and yogurt drinks, including falling usage and trading down
- Key trends in recent launch activity and future product development opportunities
- Usage of spoonable yogurt/fromage frais as a treat and the most appealing attributes in this context
- Consumer behaviours related to yogurt and yogurt drinks, including interest in guidance on health and opportunities for less-sweet flavours
- Consumer attitudes towards yogurt and yogurt drinks, including the processed image of light variants and opportunities to unlock new usage occasions

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Overview

Overall usage of yogurt or yogurt drinks fell in 2023, from 81% in 2022 to 75% in 2022, while spoonable and drinking yogurt are also being eaten/drunk less often in 2023 compared with in 2022. These trends have underpinned the 4% decline in volume sales estimated for 2023.

Report Content

EXECUTIVE SUMMARY

MARKET DYNAMICS

Market size

- Volume sales of yogurt and yogurt drinks continue to decline
  - Graph 6: retail volume sales of yogurt and yogurt drinks, 2018-23
- Rising prices drive strong value growth
  - Graph 7: retail value sales of yogurt and yogurt drinks, 2018-23
- Reduced usage and frequency of usage behind lower volume sales

Market forecast

- The five-year outlook for yogurt and yogurt drinks
- Value sales growth to contine but at a slower rate
- Flat volume sales forecast following 2022 and 2023 declines
- Sales forecast to reach £2.72 billion by 2028
- Last income squeeeze saw only small decline in volume sales
  - Graph 8: retail volume sales of yogurt and yogurt drinks, 2008-13

Market segmentation

- Spoonable yogurt value growth outpaces that for yogurt drinks in 2023
- Volume sales of yogurt drinks slip back further in 2023 but still higher than pre-pandemic
- Yogurt drinks see sharper dip in volume sales than spoonable yogurt

Market share

- Most brands in spoonable yogurt witness a decline in volumes
- Strong sales growth for Arla Protein
- Decline in sales for 'light' yogurt brands
- Danone's Activia remains the UK's top spoonable yogurt brand
- Own-label makes gains as shoppers look to save money
- Actimel continues to benefit from interest in immunity support
- Actimel continues to lead in yogurt drinks segment
- Own-label gains share in yogurt drinks

Macroeconomic factors

- The UK has avoided recession, but economic output has stagnated since the cost of living crisis began
  - Graph 9: GDP, 2021-23
- Inflation is still the key factor affecting consumers' finances
  - Graph 10: CPI inflation rate, 2021-23
- Surge in farmgate milk prices
  - Graph 11: monthly farmgate milk prices, 2022-23

- Higher costs push up yogurt prices
  - Graph 12: consumer price inflation for all food and yogurt, 2022-23
- Interest rates will rise in importance over the remainder of 2023 and into 2024
- Food and drink inflation is the primary concern for consumers - but interest rates are moving up the agenda
  - Graph 13: issues consumers report having been affected by over the last two months, 2023
- Consumer sentiment: the recovery has begun…
  - Graph 14: financial wellbeing index, 2016-23
- …and people feel more confident about their financial prospects
  - Graph 15: financial confidence index, 2016-23

Social, environmental and legal factors

- Government measures on HFSS food and drink slow to roll out
- HFSS is defined by nutrient profile
- Yogurt already has a strong non-HFSS offering
- Yogurts more successful than other categories on government sugar reduction targets
- Strong consumer interest in healthy eating
  - Graph 16: how often people try to eat healthily, 2018-22
- Delay to Border Target Operating Model (TOM)
- Population growth will support demand for yogurt and yogurt drinks
  - Graph 17: trends in the age structure of the UK population, 2018-28
- Mixed effects from changes in size of different age groups
- Interest in sustainability expected to rebound

WHAT CONSUMERS WANT AND WHY

Usage

- Three in four people eat yogurt or drink yogurt drinks
  - Graph 18: usage of yogurt and yogurt drinks, by type (NET), 2021-23
- Flavoured dairy yogurt and variants with sweet toppings lose favour
  - Graph 19: usage of yogurt and yogurt drinks, by type, 2021-23
- Usage peaks among the young and parents
  - Graph 20: usage of yogurt or yogurt drinks, by age and presence of children, 2023
- Yogurt's usage frequency falls
  - Graph 21: usage frequency for spoonable yogurt and yogurt drinks, 2021-23

Behaviours relating to yogurt/yogurt drinks

- Behaviours related to yogurt and yogurt drinks
  - Graph 22: behaviours related to eating/drinking and buying yogurt/yogurt drinks, 2023
- Guilt-free treat image makes better-for-you aspects crucial in yogurt

- Untapped potential for less-sweet flavours
- Opportunity for less-sweet variants
- More scope for citrus flavours
- Call out less-sweet flavour profiles
- Two in three welcome help on healthy choices
- Cues for in-store messaging
- Clear on-pack communication remains crucial
- Various yogurt brands embrace "Look, Smell, Taste"
- Consumers call for more clarity
- Tangibility should win favour

Attributes that make spoonable yogurt appealing as a treat

- Graph 23: attributes making spoonable yogurt/fromage frais appealing as a treat, 2023

- Guilt-free elements take the lead over treat ones
- Varied preferences underpin a multifaceted market

- Graph 24: interest in treat flavour and healthy aspects in making a spoonable yogurt appealing as a treat, 2023

- Appeal of thick texture rises with age, that of treat flavours falls

- Graph 25: interest in texture, flavour and ethics in making a spoonable yogurt appealing as a treat, by age, 2023

- Scope to stand out with treat flavours and calling out textures
- Yogurt is widely seen as part of self-care
- Activia's 2023 campaign focuses on gut health

Attitudes towards yogurt and yogurt drinks

- Graph 26: attitudes towards yogurt and yogurt drinks, 2023

- Tradition and simplicity stand to chime amid spotlight on UPFs
- Processed image poses a threat for the better-for-you segment

- Graph 27: agreement that 'light' yogurts/yogurt drinks (eg low-fat, low-sugar) are too processed to be good for you, by usage, 2023

- Need to explain natural lighter proposition
- Messaging centred on few ingredients stands to gain renewed relevance
- Unlock new occasions through meal deals
- Potential to step up competition against desserts
- Meal deals hold potential for better-for-you and kids' variants
- International yogurts appeal widely
- Strained yogurts and unique bacteria hold potential

INNOVATION AND MARKETING TRENDS

Launch activity and innovation

- Positive nutrition claims gain share of new launches
  - Graph 28: launches in the UK yogurt/yogurt drink market, by selected positive nutrition claims, 2018-23
- Actimel and Onken put a spotlight on vitamin D
- Yakult Light renamed as Balance, Activia focuses on fibre
- Digestive and immune claims remain prevalent in new launches
  - Graph 29: launches in the UK yogurt/yogurt drink market, by selected functional claims, 2018-23
- Leading players and kefirs drive functional activity
- Own-label and kefirs add to gut health activity
- Plant-based claims match vegan ones in 2023 launches
  - Graph 30: proportion of yogurt/yogurt drink launches making vegan/no animal ingredients and plant-based claims, 2018-23
- Müller is the major plant-based launch in 2023
- Green efforts continue
- Kids' products push vitamins and freezing
- Berry and fruit flavours lead, treats attract high-profile and better-for-you launches
- Treat flavours continue to feature from indulgent to better-for-you spaces

Advertising and marketing activity

- Adspend rose in 2022 but looks set to fall in 2023
  - Graph 31: above-the-line, online display and direct mail advertising on yogurt and yogurt drinks, by top advertisers, 2020-23
- Brands position yogurt as healthy and enjoyable
- Arla Skyr prompts viewers to make more of mornings
- Activia and Yakult drive awareness of gut health
- Yakult focuses on gut bacteria, Actimel continues to spotlight immune support
- Actimel links with Fortnite
- Arla and Müller launch masterbrand campaigns
- Müller calls fans to 'Love Every Bit'

APPENDIX

Supplementary data

- Appendix – spoonable yogurt value brand sales
- Appendix – spoonable yogurt value brand sales (continued)
- Appendix – spoonable yogurt volume brand sales

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