

## Flavoured milk to outstrip white milk

**New research from Tetra Pak forecasts that flavoured milk consumption will grow at more than double the rate of white milk globally between 2012 and 2015. Consumers are increasingly turning to tasty, nutritious and conveniently-packaged flavoured milk as an alternative to other beverages, finds the research, creating opportunities for dairies to improve profitability.**

Flavoured milk, the second-most-widely consumed Liquid Dairy Product (LDP) after white milk, is forecast to increase by a compound annual rate (CAGR) of 4.1% between 2012 and 2015, rising from 17.0 billion litres to 19.2 billion litres. Developing countries will drive demand amidst a growing number of new flavours and products focused on health. White milk is forecast to grow by 1.7% (CAGR) during the same period – from 208.5 billion litres in 2012 to 219.5 billion litres in 2015. Total LDP demand is set to grow by 2.4% from 280.3 billion litres to 301.3 billion litres during this period, according to Tetra Pak research.

“With white milk increasingly commoditised, flavoured milk offers dairies the opportunity to provide value not only to consumers but to their bottom line,” said Dennis Jönsson, president and CEO of Tetra Pak Group. “With the right flavours, portion sizing and formulation, flavoured milk can meet a huge range of health, nutritional and lifestyle needs.”

Tetra Pak has identified four drivers fuelling the rise in flavoured milk consumption: first, the desire for nutritious and healthy food, which is prompting consumers, particularly in developing countries, to turn to nutrient-rich milk products. Second, urbanisation, rising prosperity and the pace of modern life, which has increased 'on-the-go' consumption of ready-to-drink (RTD) flavoured milk in convenient portion packs. Third, consumers' eagerness to try new food and drinks, with flavoured milk well-poised to meet that need. And fourth, consumers seeking 'indulgent' eating and drinking experiences as a way of escaping the daily grind during times of economic uncertainty.

Though flavoured milk consumption is still low compared to other beverages, such as carbonated soft drinks, positive consumer perceptions about the health benefits of milk are creating opportunities to significantly increase flavoured milk consumption, according to Tetra Pak. The growth rate for flavoured milk consumption is expected to be more than triple that of carbonated soft drinks in 2012-2015. During that period carbonated soft drinks are forecast to grow by 1.3% (CAGR) compared with an estimated of 4.1% (CAGR) for flavoured milk.

While demand for flavoured milk is forecast to rise globally, demand in developing countries, particularly across Asia and Latin America, is set to outpace that of developed countries in North America and Europe, highlighting emerging economies as the growth engines of the dairy industry. In fact, seven of the world's top 10 flavoured milk markets are developing countries, Tetra Pak research shows. China is the world's largest, followed by the United States and India. Increased demand for flavoured milk from 2009 to 2012 was mainly driven by four emerging countries: China, India, Indonesia and Brazil.

The trend is set to continue from 2012 to 2015. While developing countries accounted for 66% of flavoured-milk consumption in 2012, this is forecast to rise to 69% by 2015. China, South Asia and Southeast Asia drink more than half the world's flavoured milk. In fact, just six Asian countries – China, India, Indonesia, Malaysia, the Philippines and Thailand – consume 47% of the world's flavoured milk, Tetra Pak research shows.

Cartons have become the established packaging format for flavoured milk, according to Tetra Pak. They accounted for 62% of RTD flavoured-milk packaging in 2012, up from 57% in 2009, and are expected to rise to above 64% in 2015, with portion packs expected to reach 81% of RTD flavoured-milk consumption.]