The Grocer

Focus On: Dairy drinks

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Feature one: Flavoured milk
By Matt Chittock matt.chittocknew@googlemail.com

Last year was a good time to be making dairy drinks. Shoppers' increased journeys out coupled with the sustained growth for cold coffee to create a boom year for flavoured milk. While prices slid up, it escaped the worst of the inflation. But with this year starting with record dairy prices and warnings of shortages, can flavoured milk keep its prices down? How will brands and suppliers continue to show value for money in this competitive environment? And is there an opening for cheaper coffee challengers to expand distribution?

Inflation: In January, The Grocer revealed that four pints of milk cost £1.70 in Waitrose – an increase of 36% the year previously. It's of a piece with similar price rises in major retailers. With farmers demanding higher farmgate prices, it looks like the only way is up. What does it mean for flavoured milk?

Promotions: Dairy drink promotions saw a fairly mild decline in retail compared to other grocery categories. How will retailers use these mechanics in light of inflation?

Value for money: Grocery is littered with examples of pricier products that maintained sales by justifying their price tag. How can flavoured milk and cold coffee brands do this in the current climate?

Coffee challengers: Barista and Boost both retain a low price point despite the widespread inflation in consumer goods. What expansion plans do them and their peers have for this coming year?

Consumption patterns: It's little surprise that out of home dairy drink sales fared better than their takehome counterparts, according to Kantar. How are shoppers' habits evolving, and how should it inform retailer strategies?

Dairy alternatives: While volumes of dairy alts have fallen amid rapid price rises, the category remains in value growth. Can this endure? How might the category have to adapt?

DTC: While the milk round is largely a thing of the past in the UK, some online retailers are hoping to revive the service, selling themselves on environmental impact, ethics and convenience. What progress are they making against physical retail?

Innovations: We will profile 4 new products or ranges that have ideally not appeared in The Grocer before. We need launch date, rsp, and a hi-res picture of each

Feature two: Function & health
By Emma Eversham emmaeversham@gmail.com

It's a mixed picture for healthier dairy drinks right now. While kefir and yoghurt drinks grew in value and volume, according to Kantar, probiotic drinks didn't fare so well. At the same time, protein milkshakes had an excellent 2022, in further evidence that health sells in dairy drinks. So why are some health cues thriving while others flounder? How are shoppers' changing attitudes to health affecting the category? And how have yoghurt drinks managed to beat the wider downturn in dairy beverages?

Protein drinks: Protein-packed dairy drinks flourished last year, as shown in The Grocer's Top Products data. Weetabix parent company Post Holdings even bought Ufit. Given that the category was already well established, it's a bit of a conundrum. What drove growth? Did post-Covid attitudes play a role? And how are these brands hoping to grow their audience?

Functional: While functional dairy drinks are the largest slice of the takehome market, according to Kantar they lost almost a tenth of their volumes last year. What's the driving force behind this change? And how can suppliers and retailers turn things round?

Yoghurt drinks: Yoghurt drinks have seen growth for several years now. This year they added value and volume, and even kept price rises down. Can these trends be sustained? And if so how?

New ideas: Flavoured milk is seeing a glut of coffee-based launches. So what kind of new benefits can transform the healthier side of dairy drinks?

HFSS: Since the introduction of HFSS rules last October, how has the category adapted? Are retailers putting a greater emphasis on healthier products?

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