

focus on... yoghurts & pot desserts

40 Added protein

A growing trend for protein-enriched products offers an opportunity to add value

46 Sugar hit

Sales of kids' yoghurts have suffered badly, at least partly due to the backlash against sugar

44, 46, 48 Changing tastes

Consumer demand for 'healthier' options has led to a wealth of innovation in the category



Greek gods

A third of yoghurt sales in Britain are now Greek-style. Why are the Greeks flying and what can the rest of the category learn?

Paul Davies

Greek-style yoghurt continues to deliver divine sales. It's the strongest sector in yoghurts & potted desserts: sales are up 9.1%, volumes up 11.7%. It now makes up 31% of Brits' annual £1.7bn spend on yoghurt [Kantar Worldpanel 52 w/e 4 January 2016].

This is even more impressive given the overall market has inched up just 1.2% on volumes down 1.7%. "An extra 600,000 households have bought into Greek-style yoghurt," says Kantar analyst Anish Mashru. "That's growth of 1.6 percentage points in penetration. In the flat cholesterol-lowering and standard yoghurt sectors, Greek variants are growing at an astonishing rate of 38% and 12.7% in value respectively."

So what, and who, is driving this? And what can the rest of the category learn?

Of course, the rise of Greek-style is not new; brands have been cashing in on the tectonic shifts in attitudes towards healthy eating by going Greek for some time now. Whereas fat was once public enemy number one, opinion has now turned on sugar; protein (and, increasingly, fat) is now viewed as crucial to a healthy diet. See fat-free yoghurts' 2.9% volume decline on flat value.

There's nothing to suggest Greek's growth will slow any time soon, either. Last week Greek dairy group Olympus told The Grocer

"In the flat standard yoghurt sector, Greek-style is growing at an astonishing rate"

it was setting up a UK subsidiary and seeking multiple listings for its feta, spreads and yoghurt products; this week Danone unveiled new Greek-style range Light & Free (p37).

Olympus' authentic Greek provenance will be an exception in the UK yoghurt market: while a small number of players, particularly Total owner Fage, import their yoghurt from Greece and can therefore call themselves 'Greek', most others have to resort to calling their products 'Greek-style'. That's not dampening their sales, however, with both Greek and Greek-style players cashing in on the trend for less processed products perceived to be more natural and better for you.

The success of Greek and Greek-style is being felt throughout the yoghurt category. It is to partly thank for the near 14% surge in sales of plain big pot yoghurts on volumes up 11.5% (the format has now overtaken luxury yoghurt in value). ↻

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- Greek-style products and innovation in the high protein segment are driving growth as shoppers move towards more natural/less processed food and drink products.

- In dairy alternatives, Alpro has introduced almond and coconut-based yoghurts, expanding its messaging from soya to 'plant-based' products.

- We've seen several other entrants into the coconut segment; while growing rapidly, at present these products are relatively small in scale.

- Last year a key trend was the rise of smaller manufacturers, though the big news was Arla introducing Skyr and protein yoghurts. The threat of smaller players remains in areas such as big pots, plain natural yoghurt and Greek.

- Brands will need to focus on innovative, engaging packaging and NPD to drive growth in kids' yoghurts, a segment that has been impacted by the launch of free school meals in 2014.

Anish Mashru
Kantar Worldpanel

TAKE-HOME SHARE

Yoghurts & pot desserts: 52 w/e 3 January 2016

	VALUE		VOLUME	
	£m	y-o-y %	kg (m)	y-o-y %
Yoghurt & fromage frais	1,697.3	0.3	666.4	1.3
Chilled desserts	776.4	3.0	176.5	2.1
Yoghurt drinks	286.6	5.2	91.4	4.0
TOTAL	2,760.3	1.5	934.3	1.7

BRANDED VS OWN LABEL

Yoghurts & pot desserts: 52 w/e 3 January 2016

	VALUE		VOLUME	
	£m	y-o-y %	kg (m)	y-o-y %
Branded	1,836.1	1.0	934.3	1.0
Own label	924.3	2.6	597.7	3.1

RETAIL SHARE

Yoghurts & pot desserts: 52 w/e 3 January 2016

	TRADING		VALUE	
	grocery	category	index	y-o-y %
Marks & Spencer	3.3	5.2	157.6	4.1
Waitrose	4.9	5.9	120.4	6.0
Sainsbury's	14.6	17.2	117.8	-0.3
Asda	14.0	16.0	114.3	-1.0
Tesco	25.3	28.0	110.7	1.8
Morrisons	10.2	10.7	104.9	0.2
The Co-operative	5.1	5.1	100.0	-2.5
Aldi	4.7	3.9	83.0	20.8
Lidl	3.6	2.9	80.6	15.8
Iceland	2.1	1.2	57.1	-2.0
Independents & symbols	1.1	0.6	54.5	-14.1

KANTAR WORLD PANEL

The take-home snapshot is produced by Kantar Worldpanel. Kantar Worldpanel monitors the grocery retailer take-home purchasing habits of 30,000 demographically representative British households. Call 020 8967 0007 or visit www.kantarworldpanel.com for details

“We asked: ‘What can we add?’ There’s no point in stealing share. You have to add value”

⊕ Greek yoghurt in big pots has delivered big returns for the sector’s biggest players. Yeo Valley’s overall sales (Greek or otherwise) have grown by £13m in the past year [IRI 52 w/e 30 January 2016]; Onken is up £5.3m; Fage Total £11.3m, its 27.4% gain on volumes up 29% the year’s greatest percentage growth.

“The shopper understands ‘Greek-style’ as a shortcut for ‘thick and creamy,’” explains Greg Pitts, head of category development at Danone. “As more brands have entered this space, its profile has grown.”

Laura Graham, head of marketing at Onken, which launched a Greek-style product last April, adds: “It’s drawing new shoppers to the brand but also offering another option to existing Onken consumers.”

Shelf space

It’s not just big pot plain variants that are driving shoppers to the Greek, however. Lactalis Nestlé says there’s a growing opportunity for flavoured Greek yoghurts, while Yoplait, manufacturer of the Liberté Greek-style yoghurt, claims on-the-go formats are an area to watch. “There’s consumer demand for nutritional foods which can be eaten on the go,” says marketing manager Joanna Abram. “As people are beginning to realise the benefits of protein, they are looking for alternative sources other than meat.”

Retailers have been quick to take steps to cash in on the Greek opportunity. Kantar partly credits Tesco’s 1.8% value category growth with the creation of Greek yoghurt bays in store in 2015. Since then, Sainsbury’s and Waitrose have added similar bays dedicated to the product. More shelf space, clearly, is translating into more sales.

But Greek isn’t the only way to go. Arla headed north for inspiration for Skyr, the quark-based yoghurt that takes its name from the Icelandic word for yoghurt, launched last year to appeal to dieters who use protein to keep them fuller for longer. The company also launched Arla Protein, a range of yoghurts and milk drinks aimed at gym-goers looking for a lean, protein-rich source of energy.

“We were not even in yoghurts a year ago,” says Sam Dolan, senior brand manager at Arla Foods, which is now expanding its new yoghurt offerings with snack-pot versions of Protein (with nuts, seeds and dried fruit) and a drinking format for Skyr. “We asked ⊕

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Müllerlight: the new top of the yogs

- Müllerlight has stolen the top spot from Activia thanks partly to new split pot format range Goodies and ads billing the NPD as a healthier indulgence with just 99 calories per pot.
- Activia has had £27.5m wiped off value. Seeking to bounce back, the brand launched a £2.4m Feed Your Inner Smile campaign at the start of the year.
- Müller Crunch Corner and Fruit Corner have fallen sharply. Poster girl Nicole Scherzinger will front ads after the brand's relaunch in March.
- The trend towards big pots and natural or less processed yoghurts boosted the performance of Yeo Valley and Onken.



YOGHURT AND POT DESSERTS BESTSELLERS

52 w/e 30 January 2016

	VALUE		VOLUME		AVERAGE PRICE	
	£m	y-o-y %	ltrs (m)	y-o-y %	£/ltr	y-o-y %
Müllerlight	179.1	4.1	65.5	7.2	2.74	-2.9
Activia	163.8	-14.4	55.7	-12.9	2.94	-1.7
Yeo Valley	105.9	14.0	35.5	14.5	2.98	-0.4
Müller Crunch Corner	93.7	-5.2	31.2	-2.5	3.00	-2.8
Actimel	93.0	7.1	37.5	7.1	2.48	0.0
Onken	64.3	9.0	26.5	16.6	2.43	-6.5
Cadbury	63.3	4.9	10.6	10.4	5.98	-4.9
Petits Filous	61.7	3.6	17.9	2.9	3.45	0.6
Müller Fruit Corner	61.1	-13.4	21.9	-10.4	2.80	-3.3
Benecol	53.4	-1.1	7.7	-1.9	6.95	0.8



Data provided by IRI, formerly named SymphonyIRI Group. Driving the transformation of the consumer packaged goods (CPG), retail, and healthcare industries, IRI provides market and shopper information, predictive analysis and the foresight that leads to action. Visit www.iriworldwide.co.uk for further information.

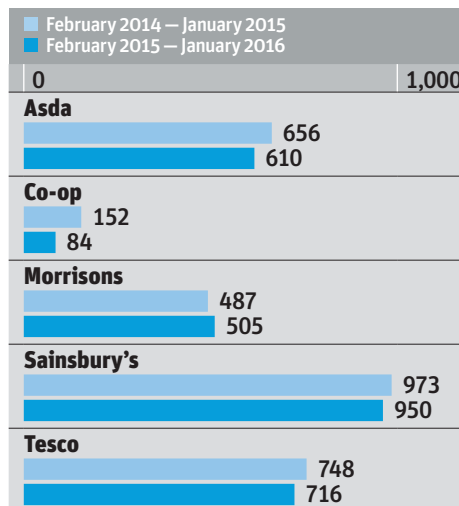
“what can we add?” There is no point in stealing share. You have to add value.”

The protein trend has also attracted the attention of dairy-free specialist Alpro, which is launching a range of high-protein, plant-based alternatives to yoghurt (see Innovations p44). “High-protein is one of the big cross-category trends, and we know that consumers are actively seeking protein-focused products,” says Vicky Upton, marketing controller at Alpro UK and Ireland.

Alpro has consolidated its position as dairy-free leader, with its latest almond and coconut varieties adding £3.4m to the brand, whose value has risen 32.2% IRI]. Upton says Alpro is tapping “the increasing number of mainstream consumers seeking out exciting, healthy products as a lifestyle choice” rather than specifically going for those with allergies or intolerances.

Just as the use of coconut is changing categories such as soft drinks, yoghurts have also woken up to the growing popularity of the tropical nut. Alpro launched a coconut-based yoghurt alternative in January 2015

FEATURED DEALS: RETAILERS



Assosia Quality Assured
 Source: Assosia. Notes: The figures represent featured and secondary promotional space across the UK's leading supermarket chains (Asda, The Co-operative Group, Morrisons, Sainsbury's, Tesco, Waitrose), including hot spots, power aisles, free-standing display units, gondola ends, seasonal space etc. For further information contact Kay Staniland on 01708 444840 or visit www.assosia.com

and 18 months ago Gü desserts founder James Averdieck launched the Coconut Collaborative brand “in response to the growing consumer need for tasty non-dairy yoghurts and desserts”.

Averdieck is not alone. “Coconut has brought a new dynamism to a previously pretty unexciting dairy-free yoghurt fixture,” says Bethany Eaton, UK managing director of Australian brand CO YO.

Indulgence

All this talk of healthier alternatives has left more indulgent products high and dry (see above). Take market leader Müller Corner, which has suffered an overall decline of 6.5% on volumes down 6.2%, despite sales of certain lines – such as Pud Corner, which has seen sales more than double to £22.3m – being in strong growth. Nevertheless, it's telling that the brand's Greek Corner line-up has lost 44.3% of its value in the past year as rivals have been cashing in on Greek growth.

Müller announced last month it was changing the range's recipe to create a ‘thicker, ↻

focus on... yoghurts & pot desserts



Alpro Go On

Launch date: February 2016 **Manufacturer:** Alpro

Dairy-free leader Alpro is getting onto the protein bandwagon with the launch of Go On, a high-protein, plant-based alternative to yoghurt. The Go On range of single-serve desserts (rsp: 85p/150g), designed as a snack option for any time of day, features a thickly textured layer of soya protein on top of fruit. There are three flavours: passion fruit, mango and blackcurrant. Alpro claims to be the first company to launch a plant-based high-protein product in the category.



Coconut Collaborative Choc Pots

Launch date: February 2016
Manufacturer: The Coconut Collaborative

It's no coincidence that three of the four free-from innovations in this panel are coconut based: Brits are going bonkers for the tropical nut at present. The Coconut Collaborative's new Little Choc Pots (rsp: £2.99/pack of 4 x 45g) are made from dark chocolate and coconut milk. The desserts contain 105 calories per pot.



Co Yo Salted Caramel

Launch date: February 2016
Manufacturer: Co Yo

A premium coconut-yoghurt dessert, Co Yo Salted Caramel (rsp: £1.99/125g) blends caramel made using natural ingredients – coconut sugar & coconut milk – with Himalayan salt crystals and stirred into coconut yoghurt. Co Yo founder Bethany Eaton says “customers are looking for more dairy-free options in the dessert category.”



St Helen's Farm Limited Editions

Launch date: March 2016
Manufacturer: St Helen's Farm

That ‘goaty’ taste can be an issue for goat products. “Flavour perception is one of the biggest barriers when people are considering switching from cows’ products,” says Helen's Farm marketing manager Vicky Upton. So it has a rolling series of limited edition yoghurts. The latest are Rhubarb & Hibiscus and Gooseberry & Apple (rsp: £1.87/2 x 125g).

FEATURED DEALS: BRANDS

	February 2014 – January 2015	February 2015 – January 2016
	0	1,000
Müller	963	876
Nestlé	772	604
Danone	538	586
Yoplait	263	328
Own label	161	176

Assosia Quality Assured **Source:** Assosia. **Notes:** The figures represent featured and secondary promotional space across the UK's leading supermarket chains (Asda, The Co-operative Group, Morrisons, Sainsbury's, Tesco, Waitrose), including hot spots, power aisles, free-standing display units, gondola ends, seasonal space etc. For further information contact Kay Staniland on 01708 444840 or visit www.assosia.com

“creamier-tasting’ yoghurt. “The reformulation comes as a result of consumer feedback and a desire to challenge ourselves to change and constantly improve,” said a spokeswoman at the time.

Not everyone's convinced the growing consumer focus on health is necessarily a bad thing for more indulgent yoghurts, however. “It's bringing people into the category from ice cream and other desserts,” says Amelia Harvey, co-founder of The Collective.

So sure is The Collective about growing demand for more indulgent yoghurts, the brand launched a new Luxury Gourmet range in February, comprising three flavours: Russian Fudge, Choccy Orange, and Coffee (see Innovations p46).

The Collective can also claim some credit for flourishing sales of big pot yoghurts, with an extra £30m added to the format's value, as plain big pots increased value by 13.8% on volumes up 11% and fruit-flavoured big pots increased value by 9% with volumes unchanged [Kantar]. Brands such as Onken, Skyr and challenger Lancashire Farm Dairies are also fuelling the format's rise. “Shoppers are increasingly opting for the larger pot yoghurt, so much so that sales of ‘big pot’ yoghurt are booming and this is likely to continue,” says Azhar Zouq, MD of the latter.

It's clear that in spite of Britain's growing preoccupation with health and sugar content, shoppers are still looking for indulgence. Within potted desserts, value is growing faster (3%) than volume (2.1%) [Kantar], driven by a trend towards more luxury dessert offerings. “Growth within the potted desserts sector is being driven primarily by ↻



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Yeo Bio Live

Launch date: March 2016 **Manufacturer:** Yeo Valley

Consumer demand for healthier options is reflected in this latest yoghurt offering from Yeo Valley. The Bio Live range (rsp: £2/pack of 4x120g) contains no added refined sugar and less than 10% total sugar and, as the name suggests, the yoghurts also have live cultures. There are five flavours: strawberry, blueberry, raspberry, cherry and rhubarb. The manufacturer has launched a web page dedicated to ‘Yeo-ga, a workout with a Yeo Valley twist’.

Coollective Luxury Gourmet Range

Launch date: February 2016
Manufacturer: The Collective

The Collective has launched a trio of premium sharing tubs, claiming to have “identified a need for innovation and excitement on the luxury yoghurt shelves”. The Luxury Gourmet Range (rsp: £2/450g) comes in three varieties: Russian Fudge, Choccy Orange and Coffee. The latter proved popular as a limited edition last year.



Rachel's Banana & Dulce de Leche

Launch date: February 2016
Manufacturer: Rachel's (Lactalis Nestlé)

Seeking to bring some novelty to the surging Greek-style part of the yoghurt category, Rachel's banana with dulce de leche (rsp £1.99/400g) is being pitched as something to be eaten from the pot or spooned on to a cake. Rachel's is targeting more health-conscious consumers with its new 0% fat Greek Style range.



My First Petits Filous

Launch date: February 2016
Manufacturer: Yoplait

Get 'em while they're young seems to be the idea behind Yoplait's My First Petits Filous (rsp: £1.59/pack 6 x 47g), described as a “new weaning product designed to help introduce children to fromage frais from six months”. The main ingredient in this vanilla-flavoured product is milk and there is added calcium and vitamin D.



“The major driver for kids' yoghurt decline is the decrease of lunchbox occasions”

the fact that they are able to command a much higher price point than other products within the desserts category,” says Grace Liljemark, brand director, desserts and baking at Premier Foods, which launched a range of ambient pot desserts under the Cadbury brand in July.

Pot desserts

Müller, manufacturer of Cadbury chilled desserts, has driven 4.9% growth on volumes up 10.4% [IRI] through the extension of the Pots of Joy range (the manufacturer launched Cadbury Roses desserts in 2014), TV advertising and promotions that have driven the sharp decline in average price.

Gü, meanwhile, is up 23% on volumes up 27.8%, thanks to a steady stream of new products backed up by volume-driving deals. NPDP over the past year includes the March launch of a six-strong range of single-serve puds, in varieties such as Key Lime Pie and Hot Chocolate Soufflé, and new large bar sharing formats in time for Christmas, in Salted Caramel, Belgian and Snowy White variants.

If certain luxury yoghurt and potted dessert brands have so far managed to avoid being hit hard by the backlash against sugar, another sector has certainly suffered: kids' yoghurts. The biggest decline in the category was suffered by kids' pots, down 13.9% on volumes down 15.9%; kids' handhelds managed to grow value by 0.4%, but higher average prices contributed to a 9.2% volume slide.

It's not all down to sugar content, however. “The major driver for kids' yoghurt decline is the decrease of lunchbox occasions due to free school meals,” says Danone's Pitts, referring to the free school meals initiative that was launched for four to seven-year-olds in 2014. “In order to drive growth, manufacturers and retailers must work together to bring excitement to the category via relevant licensed propositions and packaging innovation to support the growth trend in the handheld sub-segment.”

Kids' handheld products are indeed attracting more attention from brands. Last year Kerry Foods launched Yollies, saying the product is the world's first yoghurt on a stick. It claims the brand is now worth £3m, and is looking to drive growth with a sponsorship deal with children's TV channel Cartoon Network for TV, digital and in-store activity. Lactalis Nestlé launched Squashums

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Naughty But Rice

Launched: September 2015 **Manufacturer:** Hain Daniels

Seeking to breathe new life into an old British dessert favourite, Hain Daniels has launched a trio of flavoured rice puddings. The Naughty But Rice desserts (rsp: £1/140g) come in coconut & raspberry, chocolate orange, and salted caramel flavours and can be eaten cold from the fridge or heated in the microwave. Hain Daniels, whose portfolio of brands includes New Covent Garden Soup Co and Hartley's, suggests the format is "just the right size for a moment of individual naughtiness".

Ambrosia Deluxe

Launched: February 2016
Manufacturer: Premier Foods

Premier Foods is hoping to "bring excitement to a category in need of invigoration" with this launch. Offering a creamier and more luxurious custard, Ambrosia Deluxe (rsp: 75p/150g, £1.29/400g, £1.39/500g) comes in three flavours: Vanilla with Clotted Cream, Vanilla with Creamy Toffee and Vanilla with Salted Caramel.

Gü Single Serve

Launched: July 2015
Manufacturer: Gü

Gü has launched this range of premium desserts designed both for individual eating and for "mixing and matching" with friends and family. Gü Single Serve (rsp: £2/90g) comes in six flavours: Chocolate & Vanilla Cheesecake, Key Lime Pie, Hot Chocolate Soufflé, Lemon Cheesecake, York Cheesecake, and Gü-Zillionaires' Puds.

Cadbury Desserts (ambient)

Launched: July 2015
Manufacturer: Premier Foods

Cadbury Desserts (rsp: 95p split pots/69p individual pots) have been created to exploit the popularity of chocolate, the UK's second-favourite flavour in yoghurts and pot desserts. Individual pots come in original and orange flavours, while the split-pot format contains chocolate with additions including toffee clusters and fudge pieces.

"A staggering 51% of c-store retailers don't even stock yoghurts or chilled pot desserts"

➤ Huge Tubes in January 2016, and cites Kantar data which shows that "handheld is the sector of choice for older kids aged between seven and 12 years."

The biggest kids' brands have put in mixed performances: Lactalis Nestlé's Munch Bunch has taken the biggest hit, with sales down £8.1m; Wildlife Fromage Frais has lost £5.4m, but Yoplait stablemate Petits Filous bucked the trend by focusing on developing products with health credentials (adding calcium and vitamin D). Reflecting the growing focus on handhelds, Frubes is up 0.6% on volumes up 6.3%. The brand's steep fall in price reflects the sector's growing price sensitivity.

Price

Prices are falling for most of the big brands as a result of a switch to everyday low pricing rather than greater use of promotions. Research by Assosia shows use of featured space deals in yoghurts and potted desserts has dropped 2.9% in the big four over the past year, with only Morrisons upping their use. "We're seeing fewer and fewer promotions, with many brands and retailers extending their period of base sales," says Rachel's marketing manager Daniel Wheeler.

Products with little else other than price to differentiate them from rivals are clearly at risk. "Range rationalisation has been a focus area for a number of retailers over the past 12 months in order to improve ease of shop, on-shelf availability and reduce duplication and range tail," says Pitts at Danone. "This isn't increasing overall sales."

Some say market conditions are forcing brands to think more creatively. Müller, for instance, is focusing on NPD, growth through the convenience channel and marketing and limited edition products tied up with the Rio Olympics. "A staggering 51% of c-store retailers don't even stock yoghurts or chilled pot desserts," says Michael Inpong, Müller Group chief marketing officer. "We like to think we know our consumers pretty well. We invest in detailed research, and our own in-house R&D team work from this to create tailored products that give consumers what they want."

And most bets are that growth for many will involve going Greek. "Greek and Greek-style products and high protein innovation have kept driving growth," says Kantar's Mashru. "I'd expect this trend to continue in 2016."