

M Food & Dairy Consulting has recently published a report about the Global Butter Market. It is a comprehensive analysis of the butter production, consumption, and market trends from 2003 to 2010 with prognosis for 2015. Butter blends are also included as one of the major growth areas for butter fat. Finally, the butter segment is viewed in relation to the total oils and fats market including vegetable oil and margarine.

The report gives both the overall view on a world market scale, regional analysis, and specific analysis of 50 national butter markets from all regions of the world.

In the last 4 decades butter has been a balancing product in the dairy industry and the general trend has been declining production and demand. The dairy industry has been focusing on the expanding product segments like fresh dairy products, cheese, milk and the dairy ingredients.

Production prognosis 2015

Butter production will grow less than world milk production which is expected to grow 2 – 3 % annually equalizing 60 – 90 million MT of milk. If butter production should follow this trend, the increase will be 2 – 3 million MT extra butter fat equalizing 2.5 – 3.6 million MT traditional butter. Most

The Global Butter Market

Price: EUR 2,000 + Danish VAT inside EU 170 pages of valuable information. Order the report at info@pmfood.dk more information about PM FOOD & DAIRY CONSULTING on www.pmfood.dk

of the extra milk will be converted into dynamic product areas like drinking milk, yoghurt and cheese and traditional butter is only expected to increase slightly until 2015 with 400,000 - 500,000 MT. EU is not

expected to expand the butter production due to the declining butter consumption on the internal market, however the production of butter blends/spreads are expected to grow (see chapter 6). Butter production will increase in a number of countries/regions (table "Butter prognosis").

The annual growth rate is expected to be 1.5% which is higher than the last two decades where the growth rate was approximately 1% annually. The main drivers are the positive prognosis for USA, Oceania, Asia, and Latin America.

Butter prognosis 2010-2015

Country/region	2015 prognosis	Increase (Min)	2015/2009%
EU-27	1,850	D	
New Zealand	500	100	20.0
Australia	150	20	13.3
USA	800	100	12.5
India	200	85	42.5
China	80	40	100.0
Brazil	140	35	25.0
Argentina	62	10	16.1
Others	500	80	16.0
Total	4,756	470	9.8

Source: PM FOOD

Future trade prospects for butter

	Medium term 2015	Long term 2020	Comments
Export (1000 MT)	150-170	300-400	NZ, US, AUS, Ukraine will increase India, Argentina will enter the WM for butter
Import (1000 MIT)	120-160	300-370	Russia, China will increase the import as well as several countries in Africa
World prices (\$/MT)	Fluctuating between \$2500-3500/MT	Fluctuating between \$3000-4000/MT	The butter prices will be volatile in the next decade

Source: PM FOOD

Future butter market prospects

The next decade can be the turning point for the butter fat market. Instead of being on the defense to and avoid further consumption reductions as the OECD markets has experienced since 1980s there are now the possibility to be more offensive on the yellow fats market and the oils and fats market in general.

- The economic recession has changed the consumer behavior to focus on low price/discount products at the one end and top brands on the other (with significant differentiation). This trend is expected to continue.
- A new middle class of 2 billion consumers will appear in the emerging economies
- The spread of retail chains in the developing regions of the world
- The more balanced scientific approach to saturated fats can lead to a more positive attitude towards butter and butter fat

- The dairy industry has to increase the product development and innovation to adapt to the consumer demand in the developing markets.
- In several countries especially in the saturated markets in the OECD countries - butter blends will surpass traditional butter.

Future trade with butter

The butter export has been relatively stable in the last decade with limited growth and the major change has been New Zealand turning into the undisputed leader on the world market for butter. What can be expect-

Focus on innovation and product deed to happen in the medium term until 2015 and in the long term (until 2020) is shown in table "Future prospects for butter".

Strategies for butter producers

The dairy sector has in three decades neglected the butter fat segment com-

pared to other dairy products. The light wave has created a larger and larger amount of butter fat that can't be sold as natural part of the ordinary dairy products so the problem will not disappear. From being the gold of the dairy industry butter fat has been a surplus product in the recent decades. The global market outlook indicates that this can be changed but the dairy industry has to change attitude and strategy.

- Concentrate the butter production on large units.
- velopment.
- Establish dairy processing in emerging markets.
- Increase focusing to position butter and butter blends in the future.
- Use the latest scientific studies supporting the saturated fats in an offensive approach.

Butter "from the mountain"



"Bergbauern" butter is available in 2 sorts

South German dairy co-op Allgäuland have recently launched a fascinating new line of premium products. Common to all of these products is that they are made from milk form farms located up in the pre-Alpine highland.

Highest quality, authenticity and rurality are the characteristics of the new "Bergbauern" ("mountain farmers") brand. The milk produced on these farms is all-natural, there is no use of GMO feed (like soya) nor is

ALLGAULAND LAUNCHED NEW LINE

silage fed to cows. That is why this sort of milk is usually als called "hay milk". With a more yellowish hue from hebage and pasture, hay milk shows that it is completely natural.

Besides cheese and several fresh products, Allgäuland offer butter in its Bergbauern range. Target groups are consumers of premium quality who enjoy indulgence. The special milk quality reflects directly in a superb quality of the butter. Naturally yellow, rich in unsaturated fatty acides like omega-3, rich in minerals and flavour, this butter ranks at the top quality one can get for money.

Allgäuland manufacture two sorts of this Bergbauern butter: sour cream,

full of "strength" in flavour, and a more mildly acidic product. The company exhibited its new range at SIAL making sure its not only for German consumers but available to virtually all of the world.



Allgäuland's new super-premium mountain milk products are also exported