WORLD YOGHURT MARKET REPORT

2000-2025

PM FOOD & DAIRY CONSULTING **2016**

Report about the global yoghurt market – Subscribe now!

The World Yoghurt Market Report

PM FOOD & DAIRY CONSULTING is publishing a new report: **The World Yoghurt Market Report 2000-2025**.

The new report contains 475 pages of valuable information and a lot of new features (see content of the report). The report gives the overall view of the development on the world market for yoghurt and fermented dairy products from 2000-2015 in all regions of the world. The future prospects for global yoghurt market from 2015 to 2025 are analyzed with focus on consumer trends, developments in the emerging dairy markets, new markets and the future structure of the yoghurt producing companies.

The report also provides in debt analysis 70 countries from all region of the world and several new countries are added to the analysis since the last edition especially in Asia and Africa. This provides all the necessary information for evaluating the different cheese markets in the world and the future potential for expansion.

Is your company seeking new opportunities in the global yoghurt market this report is a must!

Subscribe now by replying to PM FOOD & DAIRY CONSULTING on

mikkelsenpreben@hotmail.com

Special price: €3,500 or $4,000

You will receive an invoice and when the payment is registered the report will be sent electronically.

Table of Contents

Extract from the report

1. Introduction

The world market for yoghurt and fermented dairy products has developed dynamically in the last 25 years both on the developed dairy markets and the emerging markets. Together with cheese, yoghurt has been the most successfully dairy products because both dairy products categories has been driven by innovation and product development so the products can be used as basic nutrition, snack, for cocking, and a healthy functional food.

Yoghurt has expanded in the developed dairy markets but the demand is still growing here with focus on the health and functional aspects of the product category. In the emerging dairy markets where there is no tradition for consuming dairy products, yoghurt is used a market opener with special focus on children and teenagers. The possibilities to adapt the taste and context of yoghurt to the domestic preferences have made yoghurt very easy to launch on new emerging dairy markets. Cheese is more difficult to integrate in the diet when new dairy markets are developing many due to the distinct taste and smell of most cheese products and the consumption of cheese is depending on an eating culture based on bread/biscuit. Opposite with yoghurt that can be consumed without changes in the diet pattern and it can immediately be introduced as a supplement to the traditional diet as a nutritious and healthy product.

Traditionally, it has been very difficult to brand the ordinary dairy products (liquid milk, butter and traditional table cheese) because they are perceived as basic nutrition in many developed dairy markets and the cost have been too high compared to the possibilities for differentiation. For yoghurt the branding and marketing has been the driving force for developing the market and several company names are synonymous with the yoghurt brand – e.g. Danone and Yakult. The branding reflects the large possibilities to develop new products and focus on specific consumer segments.

1.1. Objectives

The report: **World Yoghurt Market 2000-2025,** from PM FOOD & DAIRY CONSULTING analysis the development on the global market for yoghurt and fermented dairy products from 2000 to 2015 and assess the global opportunities from 2015 to 2025. The Key features of the report are:

- Analysis of the regional yoghurt markets in all parts of the world and assessment of the future market development.
- 70 yoghurt market from all regions of the world are described and analyzed with the aim of identifying the future growth markets
- Identifying the top yoghurt processors on the global scene and analyzing their strategies and global activities.

- SWOT analyses for each of the major companies to assess their future market potential in the yoghurt segment
- Identifying future consumer trends globally and in the different regions of the world.

1.2 Content of the report

The report consists of two parts where Part I analyses the global world yoghurt market and Part II focus on the yoghurt markets in 70 countries around the world.

Chapter 2 describes origins of yoghurt, the traditions of consuming the product and the different types of yoghurt and fermented dairy products around the world

In chapter 3, World yoghurt production, the world production in the last decade is described and the major yoghurt producing countries are identified. Prognosis is made for 2015 and 2025.

Chapter 4, World yoghurt market, describes the value of the world yoghurt market from 2000-2015/16. The analysis identifies also the main factors contribution to the growth of the world yoghurt market. The future trends for the world yoghurt market are also identified along with the top 10 future growth markets.

The major yoghurt processors are analyzed **in chapter 5.** The major multinational, regional, national players are identified. The report presents a top-20 ranking of the world yoghurt processors. The top 10 yoghurt companies are described and analyzed with focus on production, market position and the company performance and future possibilities are evaluated through a SWOT analysis. Finally the report focuses on the new comers on the world yoghurt market.

Chapter 7, SWOT analysis and conclusion, finalize the general part of the report with SWOT analysis of the world yoghurt market and hereby identify the current situation and the possibilities to meet the future challenges and opportunities. Finally, the world yoghurt market analysis is concluded.

Part II, country analysis, consists of analyses of 70 countries yoghurt market in all regions of the world and this include for all countries:

- General dairy sector information
- Yoghurt market analysis
- Major yoghurt processors
- Future prospects

3. World yoghurt production

The production of yoghurt and fermented dairy products has expanded significantly since the 1970s where the consumption of yoghurt increased significantly in the developed dairy markets. Yoghurt was a new fancy product with high nutritional value and it ideal for breakfast and as an in between meal. The production of yoghurt has traditional been centered around the Balkans and Turkey but in all traditional dairy countries there has been a long tradition of producing some kind of fermented dairy products. It was a way to prolong the lifetime of the milk and making milk a part of the menu instead of only for drinking.

In the last two decades until the production of yoghurt has globalized along with the economic growth in most regions of the world and especially in the emerging economies lead by the BRIC countries. The production has especially been driven by Western European dairy companies that have expanded their production to all regions of the world with Danone, Nestlé, and Sodiaal in the lead and Yakult leads the drinking yoghurt segment.

From 2010, the global fiscal crisis has impacted the global yoghurt market and the development has changed in several regions.

3.1 World production

The production of yoghurt of yoghurt and fermented dairy products rocketed in the last decade increasing with 10.5 million MT (+56%). The growth was mainly driven by doubling the production in North America, South America, and Asia. Also MEA and Oceania showed growth rates over 50% and Eastern Europe and CIS with 40%. Opposite, the production nearly stagnated with a growth of only 16% in Western Europe were the consumption of yoghurt is highest.

Production of yoghurt and fermented dairy products 2000-2025

1,000 MT	2000	2010	Change 2010/2000	2015	Change 2015/2010	2025	Change 2015-2025
Western Europe	7,208	8,382	+16%	8,247	-2%	9,290	+13%
Eastern Europe + CIS	3,436	4,677	+36%	4,600	-2%	5,176	+12%
North America	1,365	2,805	+105%	3,745	+33%	4,705	+26%
South America	1,291	2,317	+79%	2,832	+22%	3,493	+23%
Asia	2,792	6,977	+149%	9,486	+36%	11,134	+17%
MEA	2,621	4,175	+60%	6,292	+51%	9,338	+48%
Oceania	199	245	+23%	327	+33%	400	+22%
World total	**18,912**	**29,578**	**+56%**	**35,529**	**+20%**	**43,136**	**+21%**

Source: IDF, USDA, FAO, PM FOOD & DAIRY CONSULTING

From 2010 to 2015, the global fiscal crisis has impacted the dynamically development on the world market. Yoghurt is one of the most price sensitive dairy products and it also the category with the highest degree of high price branded products. The consequences was a declining production and demand for yoghurt and fermented dairy products in Western and Eastern Europe + CIS with minus 2% in each region. The conflict between Ukraine and Russia in the period and the Russian embargo on western dairy products has also impacted negatively. Besides, the Russian economy is suffering severely and the economy is contracting hampering the consumption of a wide range of food inclusive yoghurt.

Example of the country analysis:

Finland

Finland is a highly developed dairy country with a long tradition for processing dairy products of high quality.

The Finish dairy sector has close ties to the Baltic countries and Russia and the dairy industry is engaged in production here. The European orientation has increased since the membership of EU in 1995 and especially the cheese and butter export has grown.

In 2014, the milk deliveries increased by 68,000 MT (+3%) compared with 2013 and the production of organic milk grew by 14.5% representing 2.1% of the total milk production.

In general, the milk production has decreased by 5% from 2000 to 2014 and the milk production began first to improve in 2013 and this has continued in 2014 and 2015 although with small annually growth rates. From 2014 to 2025, the milk production is expected to increase by 160,000 MT (+9%).

The Finish dairy sector was also hit by the GFC with declining prices and returns from the market in 2008 to 2010. In 2009, the government reduced the value added tax on food from 17% to 12% in an attempt to stimulate the consumption. This has been the case for butter, cheese and yoghurt but the liquid milk consumption has remained stable.

The Russian embargo has impacted the Finish dairy sector severely and the production of dairy products has changed significantly away from cheese (-15%) to butter (16%), SMP (+33%) and WMP production is expected to more than double in 2015.

Market description

The production of yoghurt has been relatively stable in the last decade. The expansion of the production occurred in the 1970s, 80s and 90s where the production vent from 0 to more than 200,000 MT

Production of yoghurt and fermented products in Finland 2000-2025

	2000	2010	2014	2015	2020	2025
Production (total)	207	205	212	205	210	215

Source: Statistic Finland, PM FOOD & DAIRY CONSULTING

The total production of yoghurt and fermented products reach more than 200,000 MT in the 2000s and this also includes traditional sour milk products and drinking milk types other than yoghurt and drinking yoghurt. The production has declined since 2014 where the Russian embargo blocked for the export to Russia.

The production will remain stable until 2025 because the continued Russian embargo presses the export and first after 2020 the production is expected to increase slightly.

The export of yoghurt reached 41,000 MT in 2014 mainly to Russia and Sweden but the Russian embargo on dairy products from August 2014 hampered the export and it declined to 30,000 MT in 2015. From 2015 to 2025, the export is expected to improve by 15-20,000 MT depending on when the Russian embargo is lifted.

The import of yoghurt is nearly the same size as the export between 35-40,000 MT annually and here Sweden, Denmark and France are the major players. The import is expected to remain at this level in the future until 2025.

The Finish yoghurt market has been developed from the late 1960s until now. Yoghurt and sour milk drinks in Finland was characterized by rather stable volume consumption and at the end of the last decade the category was mature and product penetration was high. Per capita consumption is very high in Finland with more than 40kg and the consumption of yoghurt has been expanded to include breakfast, as a snack during the day and even before bedtime.

The dairy market including yoghurt is dominated by two players Valio and Arla Foods and Danone is the major importing company of yoghurt to Finland:

Valio

Valio was founded in 1905 and has developed to the largest dairy and food-company in Finland. The company is cooperative owned by 10,000 dairy farmers and the company process 83% of the

Finnish milk. The milk is processed on 15 dairy plants in Finland and besides Valio has established processing facilities in Estonia and large packaging and sales units in Sct. Petersburg and Moscow.

The company process 2 million MT of milk annually of which 1.8 million is processed in Finland and the rest in Estonia.

Valio has 15 production plants in Finland, two in Estonia, a cheese packing operation in Belgium, and a distribution terminal and processed cheese production plant in Moscow.

Valio´s processing plants 2014

Plant	Milk intake (MT)	Production
Hapavesi	250,000	Valio Oltermanni® cheese, Valio DEMI™ (demineralized whey powders), powdered feed for calves
Helsinki	-	50 million liters of juice
Joensuu	185,000	25,000 MT chesse :Valio Polar®, Valio Salaneuvos® and Valio Hyvä suomalainen Arki™ cheeses
Jyväskyla	214,000	Drinking milk, fermented milk and special milk beverages
Kaitsor	40,000	Cheese production: Edam and Lappi cheeses
Lapinlahti	300,000	Edam, Emmental and whey powder
Oulu	135,000	Drinking milk, fermented milk, yoghurt, crème fraiche
Riihimäki	240,000	Drinking milk, yoghurt, fermented milk and cream
Seinajoki	370,000	Milk powder, quark, cottage cheese
Suonemjoki		17,000 MT of jam and processed berry for the dairies and other food industry
Tampere	74,000	Drinking milk, cream, fresh cheese
Toholampi	46,000	5000 MT of cheese
Turenhi	46,000	UHT milk, cream
Vantaa	-	Processed cheese. Packaging of 35,000 MT of cheese for other plants
Äänekoski	15,000	Blue cheese, salad cheese and whey products

Source: Company information

The 2 million MT of milk is processed into a wide range of dairy products including:

- Drinking milk: 650,000 MT
- Yoghurt: 170,000 MT
- Cream: 30,000 MT
- Yoghurt: 170,000 MT
- Butter: 45,000 MT
- Cheese: 75,000 MT
- SMP: 20,000 MT
- WMP: 5,000 MT
- WP: 41,000 MT

Valio produces the all the major product segments and the whey powder and ingredients production has expanded significantly in the last decade focusing on valorization of all the components of the raw milk.

Valio invest continuously in modernization and efficiency on their plants and in 2014 and 2015 the Russian embargo has forced investments in the milk powder and dairy ingredients. In Finland, the most significant investments were the new ingredients plant, and the new power plant using Finnish fuel, which are being built on the site of the Valio Lapinlahti plant, and at the Valio Haapavesi plant where work started on raising production capacity for Valio Oltermanni.

In Estonia, a new distribution terminal was built at, and production premises enlarged in, the Laeva dairy, and a cheese packing facility was built at the Võru cheese plant. In Moscow, processed cheese production capacity was raised.

The Russian embargo has impacted Valio severely and the company lost €120 million in 2014 out of the total Russian turnover of 378 million in 2013. In 2015, it is expected to decline dramatically to 1/5 equalizing a loss of €300 million. Valio has just announced a reduction of 320 jobs.

Arla Oy (Arla Ingman)

Ingman was founded in 1907 as family owned company and it is the second largest dairy company in Finland with 30% of the Finnish dairy market. The company is the market leader in the yoghurt segment and approximately 15% of the cheese market. Until 2008, the Ingman family owned the company but Arla Foods bought the dairy business and only the ice cream business remained a family ownership.

Arla Foods has been squeezed by fierce competition and price dumping from Valio and the Finish competition authorities fined Valio for price dumping in 2012.

Arla Foods Ingman produces yoghurt, drinking milk, butter and cheese. The cheese is mainly for the domestic market and at the same time the company imports Arla Foods branded cheeses from Sweden and Denmark.

The production of yoghurt and fermented dairy products amounts to approximately 40,000 MT.

Future prospects

The Finish yoghurt market has developed positively until now but there are signs of saturation due to the very high consumption level. However, there are still areas where the market can be further developed:

- The production will remain stable until 2025 because the continued Russian embargo presses the export and first after 2020 the production is expected to increase slightly.
- The export of yoghurt reached 41,000 MT in 2014 mainly to Russia and Sweden but the Russian embargo on dairy products from August 2014 hampered the export and it declined to 30,000 MT in 2015. From 2015 to 2025, the export is expected to improve by 15-20,000 MT depending on when the Russian embargo is lifted.

- The import of yoghurt is nearly the same size as the export between 35-40,000 MT annually and here Sweden, Denmark and France are the major players. The import is expected to remain at this level in the future until 2025.
- Growth is expected to be driven by products positioned as health and wellness, functional, organic, low-fat and low-lactose products.
- Drinking yoghurt both in the traditional area and in the pre/pro biotic segment will expand in the future from the current low level
- The intensified competition between the three top players, Valio, Arla Foods, and Danone, will also develop the market further with new products and price competition.