

Milk&Dairy: a mature sector

Milk & Dairy sector

With a business turnover of approximately 8.5 billion Euro, the **Milk & Dairy** sector is one of the largest in Packaged Foods. During the year to date at February 2020, sales in value grew by 1.6% compared to the previous year, while sales in volume were stable, confirming the sector's substantial maturity.

Within the sector, the Cheeses market has developed the biggest turnover (3.7 billion €), with a 3.5% increase compared to the previous year, while the growth in sales in volume was more limited (+1.7%).

Some of the driving segments of this market are "Hard" cheeses (such as Grana) that show an increase in volume of 5.3% with consumers heading more towards a purchase of DOP products, preferred in spite of a significant increase in their price that, in turn, led the segment to enjoy and increase in turnover of over 10%.

The Milk market, with a value of approximately 2.1 billion Euro and a slight drop in purchases (0.7%) for both types (UHT and Fresh), follows a different dynamic.

This suggests a settling of a much more marked drop suffered in previous years, mainly due to a change in consumption habits that over time has weakened the category's role in the basket of breakfast products.

The categories of the Milk&Dairy sector

| | Sales by value. (million €) | Variation | Sales in Volume (Kg) (Million litres/million Kg) | Variation % |
|-------------------------|--------------------------------|------------|---|-------------|
| MILK & DAIRY | 8,528 | 1.6 | 2,933 | 0.0 |
| UHT Milk | 1,364 | 0.1 | 1,345.4 | -0.7 |
| Fresh Milk | 757 | -0.9 | 532.1 | -0.7 |
| Cheeses | 3,738 | 3.5 | 452.3 | 1.6 |
| Butter | 399 | -3.6 | 44.7 | 0.1 |
| Cream and Bechamel | 347 | 0.7 | 76.1 | 1.2 |
| Yoghurt | 1,546 | 1.3 | 426.2 | 0.8 |
| Ready Desserts | 165 | -2.8 | 35.3 | -2.4 |
| Fresh Sweet Snacks | 175 | 6.5 | 13.3 | 4.5 |

Source: IRI Liquid Data® - Total Italy (Hyper+Super+Small Self-Service) - Year Ending February 2020

With a turnover of over 1.5 billion Euro, **Yoghurt** is the third market in size in the Milk & Dairy sector, which shows a slight increase in value (+1.3%) and in volume (+0.8%).

One of the most dynamic segments is Greek Yoghurt, with sales in volume increasing by +13.6% and Organic Yoghurt increasing by 3.6%.

The impact of the Covid-19 emergency

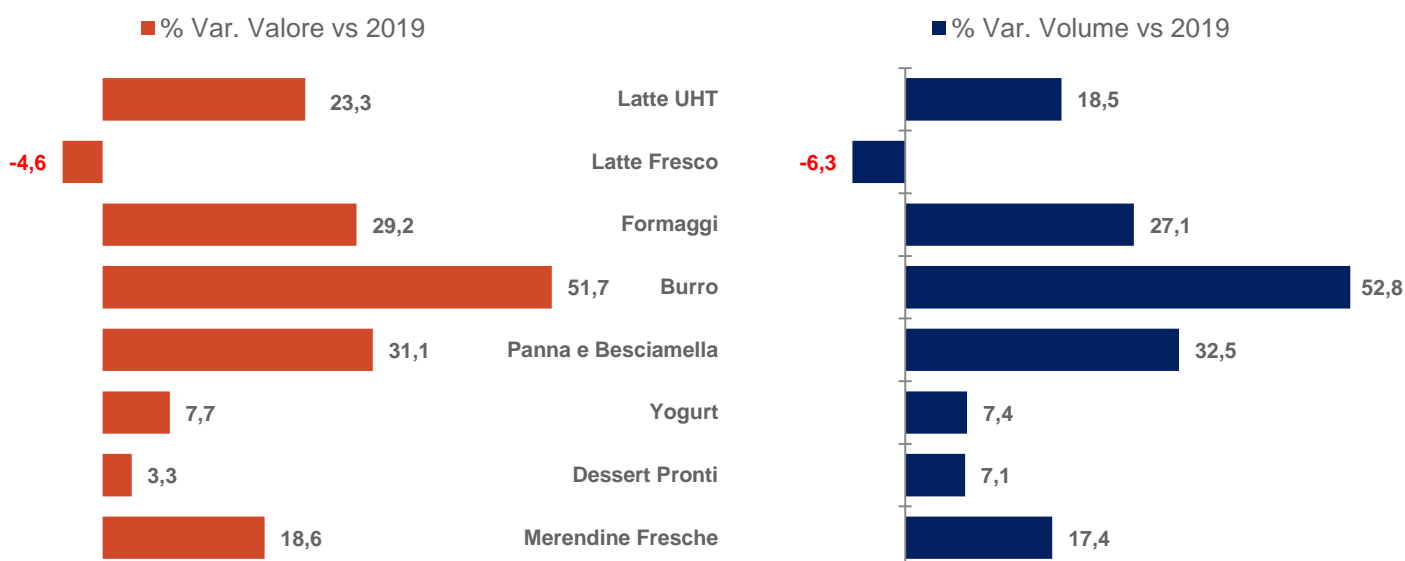
The Coronavirus emergency has dramatically changed Italian buying and consumption habits: mobility restrictions caused a transfer from Out of Home to In-Home consumption, and a big relaunch of many food categories, in particular the “basic” ones.

The Milk & Dairy sector also benefited from this dynamic and all markets showed a sharp rise in sales: +27.1% for Cheeses, +62.8% for Butter, +18.5% for UHT Milk, +32.5% for Cream/Bechamel.

A counter-trend was Fresh Milk (-6.3% in volume), a category penalised by the reduced frequency of grocery shopping in this period.

Sales boom after lockdown for the Covid-19 emergency

Category trends during the Covid-19 emergency



Source: IRI Liquid Data® - Total Italy Hyper+Super+Small Self-Service+Discount - March/April 2020

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