

# U.S. MILK AND DAIRY BEVERAGES THROUGH 2021

2017 EDITION (Published December 2017. Data through 2016. Market projections through 2021.) More than 225 pages, with extensive text analysis, graphs, charts and tables.

This U.S. milk industry research report from Beverage Marketing Corporation includes data on fluid milk production, consumption, flavors, milk by fat content and advertising expenditures. It also analyzes the forces reshaping the dairy industry, such as consolidation, pricing and health matters and addresses packaging and distribution. To round out its findings, this comprehensive industry report also covers flavored dairy-based shelf stable beverages, yogurt drinks and creamers.

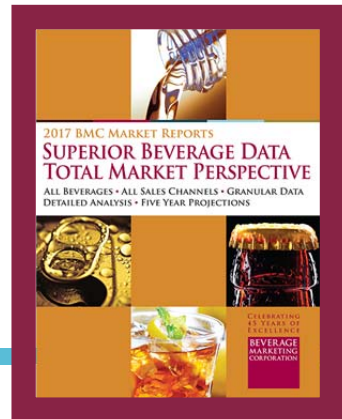
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HAVE  
QUESTIONS?

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## THE ANSWERS YOU NEED

In addition to reliable historical and current data, this report provides five year forecasts on a broad range of market aspects giving readers a strong tool for spotting trends and opportunities.

This market research report examines industry developments and issues of interest to processors, marketers, advertising executives, industry suppliers, financial analysts and anyone else with a special interest in the U.S. milk and dairy beverage marketplace.

- How much was consumed in the United States during 2016, and how much was likely to be imbibed in 2017?
- How did the leading processors perform?
- What is the U.S. dairy industry doing to spur consumption?
- Which region produces the most milk? Which consumes the most?
- What are the most recent developments in packaging?
- How are the dairy-based shelf-stable and yogurt-based beverage segments faring?
- What are the growth prospects for milk and its segments through 2021?

## THIS REPORT FEATURES

Backed by Beverage Marketing's reliable, all-sales-channel-inclusive data, readers get a comprehensive understanding of all facets of the market including:

- Analysis of the national and regional markets.
- Market volume segmentation by fat level and flavors.
- Coverage of the different types, including flavored milk, organic milk and shelf-stable dairy-based beverages.
- Analysis of distribution channels, quantifying volume sold through various on- and off-premise distribution channels.
- A look at wholesale and retail sales as well as pricing by retail outlet type.
- Exploration of recent developments in packaging as well as a break-down of the fluid milk market by package size and a break-out of volume by package material type (plastic, paperboard and glass).
- Discussion of the major dairy processors and fluid milk companies, including mergers and acquisitions, brands and private label and strategies that companies and industry organizations have used to market and distribute.
- Wholesale dollar sales for leading dairy processors including Dean Foods, Kroger Dairy Division, Dairy Farmers of America, Borden Dairy Company and more.
- A look at the branded vs. private label markets and the market shares held by each historically and currently in the United States.

- Coverage of dairy-based shelf-stable beverages including Frappuccino, Hershey's, Yoo-hoo and others.
- Data on advertising expenditures.
- Demographic profiles of milk users and how they stand in relation to the total adult population of the United States.
- A look at the drinkable yogurt market, non-dairy creamer with statistics and discussion covering particular brands including Dannon, Stonyfield, Coffee-Mate, International Delight.
- Discussion of the organic market.
- Beverage Marketing's projections for the market and its segments (whole fat, fat reduced, fat-free, flavored and buttermilk) over the next five years through 2021.

# U.S. Milk and Dairy Beverages through 2021

December 2017

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RESEARCH • DATA • CONSULTING

**NOTE:** The information contained in this report is confidential and solely intended for the benefit of the immediate recipient hereof.

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Milk is an unusual beverage category in that the vast majority of volume is plain, and only a small share is flavored. In most other categories, such as carbonated soft drinks (CSDs) and fruit beverages, different flavors abound. Today's consumer is enamored with options and having new experiences. The beverage industry, largely, responds to this product promiscuity by offering myriad choices and an ever-expanding roster of new flavors.

- Flavored milk has been one of the few bright spots in the otherwise dismal milk category, which, overall is experiencing several years of decline. Unfortunately for the overall milk industry, the modest growth of flavored milk does not even begin to offset the declines in white milk. However, flavored milk is making up an increasing share of the overall category, so if it continues to grow, that may change.
- Flavored milk seems much more competitive than white milk when it comes to taking on popular refreshment beverages, such as CSDs, sports drinks, energy drinks and fruit drinks. It has opened up opportunities for milk's expansion into single-serve and immediate consumption.
- The taste of white milk seems polarizing – many consumers, especially kids, love the taste while many, especially adults, dislike it. Flavored milk and especially chocolate milk, on the other hand, seems to be well loved across ages.
- In general, flavored milk is almost all chocolate, and innovations beyond chocolate have been limited, with most of those that have come to market remaining small or failing altogether. There are a few milk processors and brands that have the vision of a milk case full of flavors, but inroads have been mostly local, short-lived and relatively small
- Compared to white milk, flavored milk products are generally higher priced and higher margin, so they are attractive for a dairy processor's margins. However, most retailers tend to give limited to space to flavored milk, and some channels do not carry it at all.

It is a rare thing indeed when a category as mature as milk discovers and repositions around a new usage occasion. The milk industry has recently increased and intensified its focus on flavored milk, particularly chocolate milk, promoting it as a post-exercise recovery beverage. Several chocolate milk brands and, importantly, the national milk marketing campaign from MilkPEP are spending significant marketing dollars against that new positioning.

- The marketing efforts are focused on adult athletes and the health benefits of the product. Over the last decade, a body of scientific evidence developed that supports the role of chocolate milk in recovery after intense exercise. It is the chocolate, in part, that makes chocolate milk effective as a recovery drink.

**U.S. FLUID MILK MARKET  
CHANGE IN VOLUME BY MILK FAT TYPE  
1980 – 2021(P)**

Year	Plain Whole	White Fat-Reduced*	White Fat-Free	White Flavored	Butter	TOTAL
1975/80**	100%	0%	0%	0%	0%	100%
1980/85**	100%	0%	0%	0%	0%	100%
1985/86	100%	0%	0%	0%	0%	100%
1986/87	100%	0%	0%	0%	0%	100%
1987/88	100%	0%	0%	0%	0%	100%
1988/89	100%	0%	0%	0%	0%	100%
1989/90	100%	0%	0%	0%	0%	100%
1990/91	100%	0%	0%	0%	0%	100%
1991/92	100%	0%	0%	0%	0%	100%
1992/93	100%	0%	0%	0%	0%	100%
1993/94	100%	0%	0%	0%	0%	100%
1994/95	100%	0%	0%	0%	0%	100%
1995/96	100%	0%	0%	0%	0%	100%
1996/97	100%	0%	0%	0%	0%	100%
1997/98	100%	0%	0%	0%	0%	100%
1998/99	100%	0%	0%	0%	0%	100%
1999/00	100%	0%	0%	0%	0%	100%
2000/01	100%	0%	0%	0%	0%	100%
2001/02	100%	0%	0%	0%	0%	100%
2002/03	100%	0%	0%	0%	0%	100%
2003/04	100%	0%	0%	0%	0%	100%
2004/05	100%	0%	0%	0%	0%	100%
2005/06	100%	0%	0%	0%	0%	100%
2006/07	100%	0%	0%	0%	0%	100%
2007/08	100%	0%	0%	0%	0%	100%
2008/09	100%	0%	0%	0%	0%	100%
2009/10	100%	0%	0%	0%	0%	100%
2010/11	100%	0%	0%	0%	0%	100%
2011/12	100%	0%	0%	0%	0%	100%
2012/13	100%	0%	0%	0%	0%	100%
2013/14	100%	0%	0%	0%	0%	100%
2014/15	100%	0%	0%	0%	0%	100%
2015/16	100%	0%	0%	0%	0%	100%
2016/17(p)	100%	0%	0%	0%	0%	100%
2017/18(P)	100%	0%	0%	0%	0%	100%
2018/19(P)	100%	0%	0%	0%	0%	100%
2019/20(P)	100%	0%	0%	0%	0%	100%
2020/21(P)	100%	0%	0%	0%	0%	100%

(p) Preliminary; (P) Projected

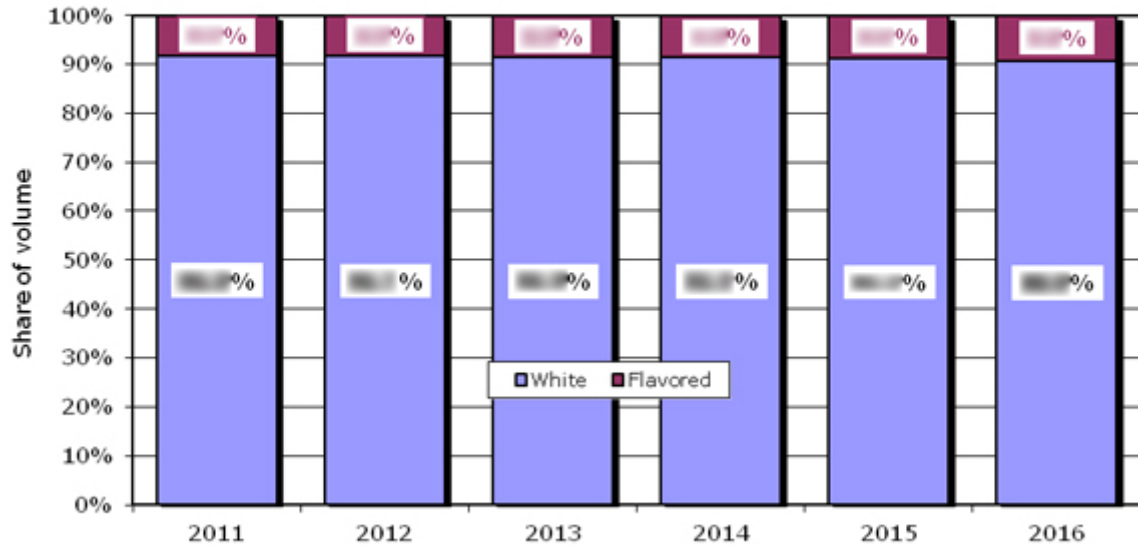
\* Includes 1% and 2% milk.

\*\* Five-year compound annual growth rate.

Source: Beverage Marketing Corporation

## FLAVORED MILK SHARE RISES IN 2016

White and flavored volume shares, 2011 - 2016



Source: Beverage Marketing Corporation