

An aerial night view of a city, likely Shanghai, with a glowing network of white lines overlaid on the scene. The lines connect various points across the city, symbolizing innovation and connectivity. The background shows a dense urban landscape with illuminated buildings and a river.

Traditional Products – Innovation Landscape Cheese and Dairy Products

Methodology

ANALYSIS & PARAMETERS

- Analysis is performed based on new product launches tracked on the Innova Database.
- Geography: Europe.
- Time Frame: 2014 – 2018.
- Category: Dairy
 - Subcategories: Butter, Cheese – Fresh & Cream, Cheese – Processed Cheese, Cheese – Semi-Hard & Hard, Cheese – Soft & Semi-Soft, Cheese – Soft Cheese Desserts, Cream & Creamers, Drinking Yogurt/Fermented Beverages, Evaporated Milk, Flavored Milk, Other Dairy Products, Spoonable Dairy Yogurt, Sweetened Condensed Milk, Unflavored Milk.
- Positioning: free text search for products with “Protected designation of origin”, “Protected geographical indication”, “Traditional specialties guaranteed”, “Product of Canary Islands”, “Mountain Product” and “Product of Island Farming”.

ABBREVIATIONS AND NOTES

- CAGR = Compound Annual Growth Rate
- F&B = Food & Beverage
- NPL = New Product Launches
- PDO = Protected designation of origin
- PGI = Protected geographical indication
- TSG = Traditional specialties guaranteed
- Number of respondents of Consumer Survey: **500 per analyzed country.**
- Traditional/origin seal = products with PGI, PDO, TSG, Mountain Product, Product of Canary Islands and Product of Island Farming seal.
- Traditional positioning = products with “traditional” positioning at Innova Database.

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Overview of Trends in Dairy - Europe



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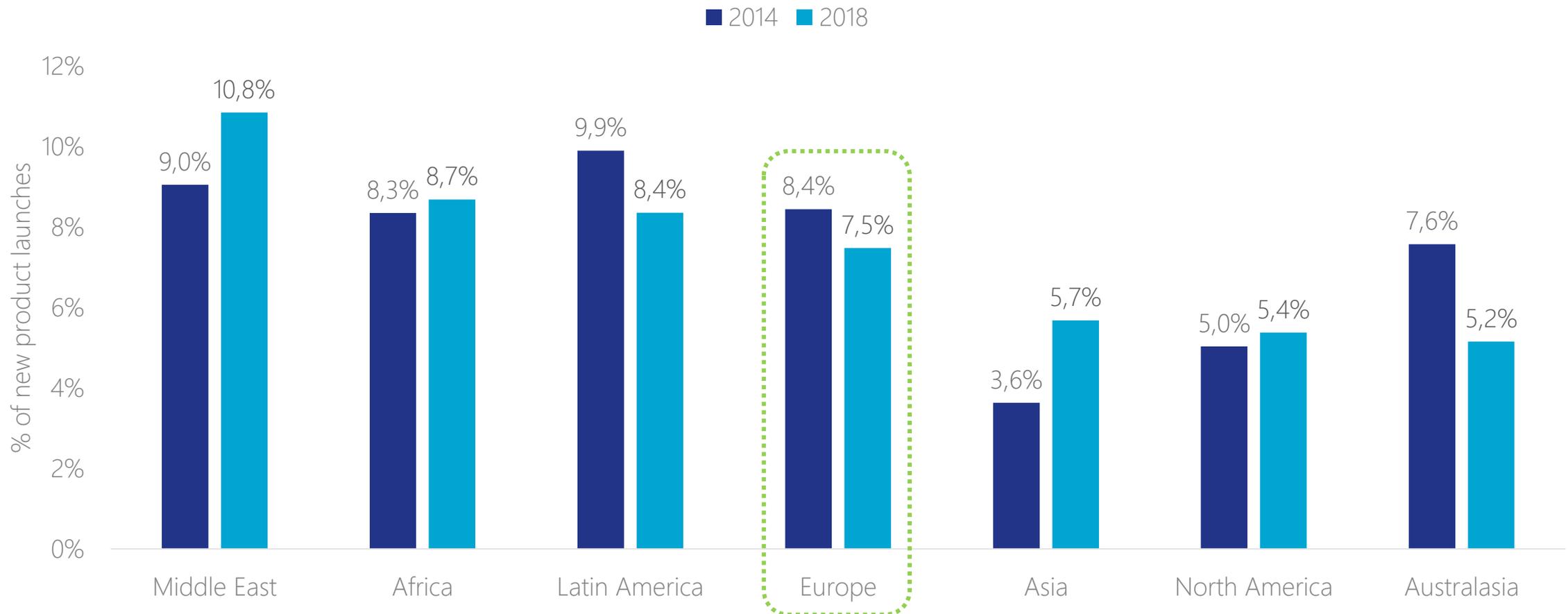


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Dairy products presence has decreased in Europe in the last five years

- Dairy products presence has decreased in Europe from 8.4% in 2014 to 7.5% of all F&B product launches tracked, while Middle East has the strongest presence of dairy in F&B.

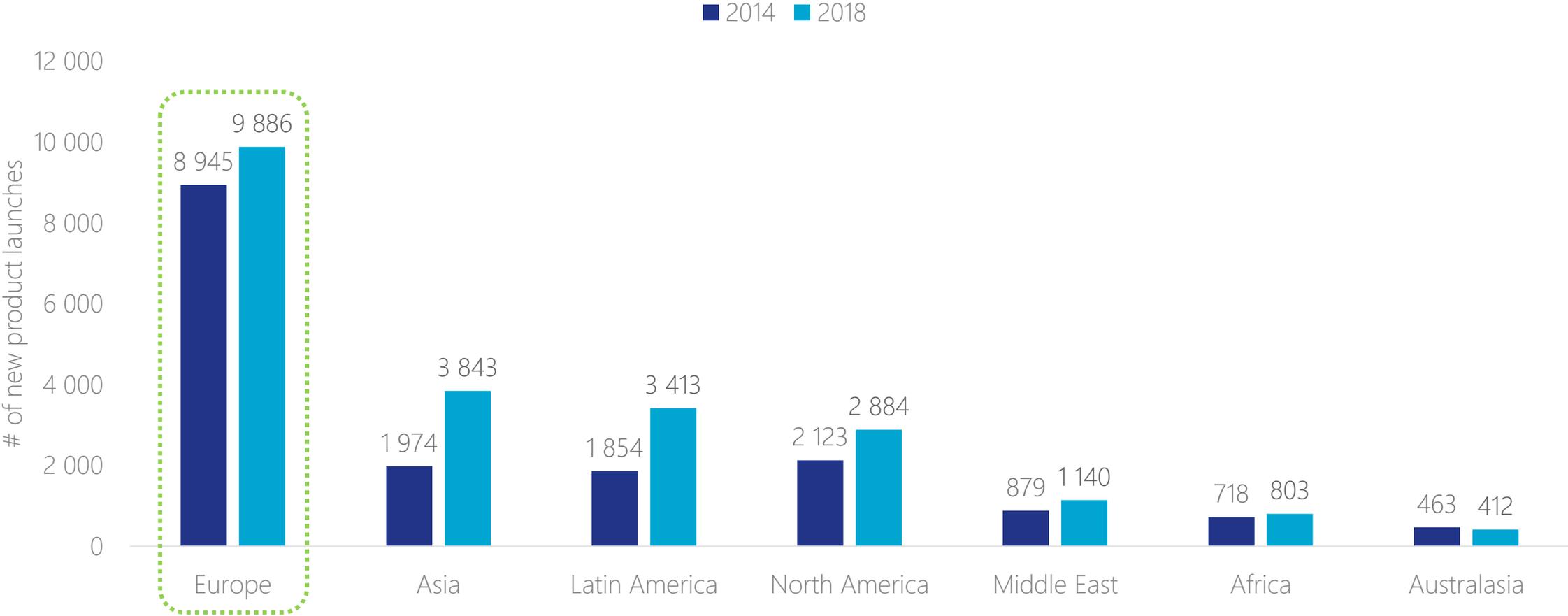
Dairy products as percentage (%) of F&B new product launches tracked per region (2018 vs. 2014)



Europe leads dairy new product launches

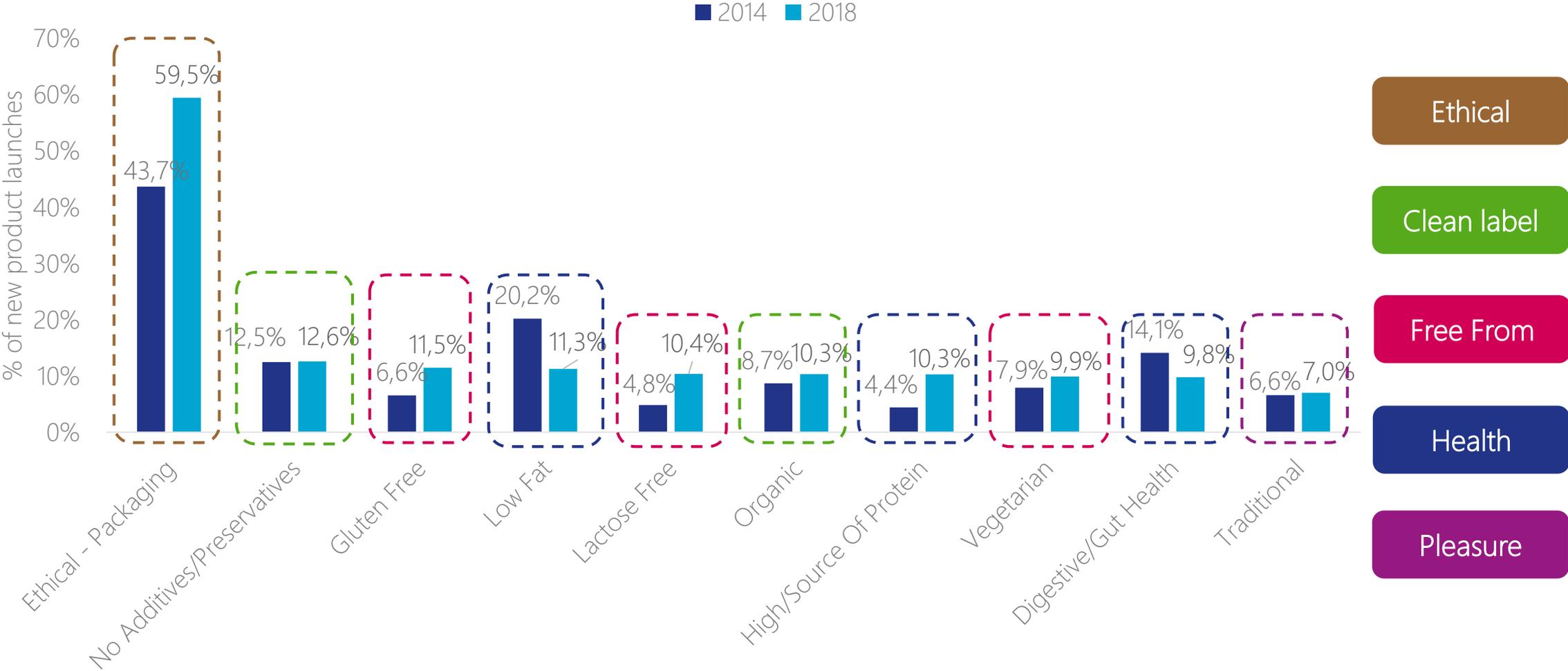
- Asia is the fastest growing region and Australasia is the only region with decreasing dairy product launch activity.

Number of dairy products new product launches tracked per region (2018 vs. 2014)



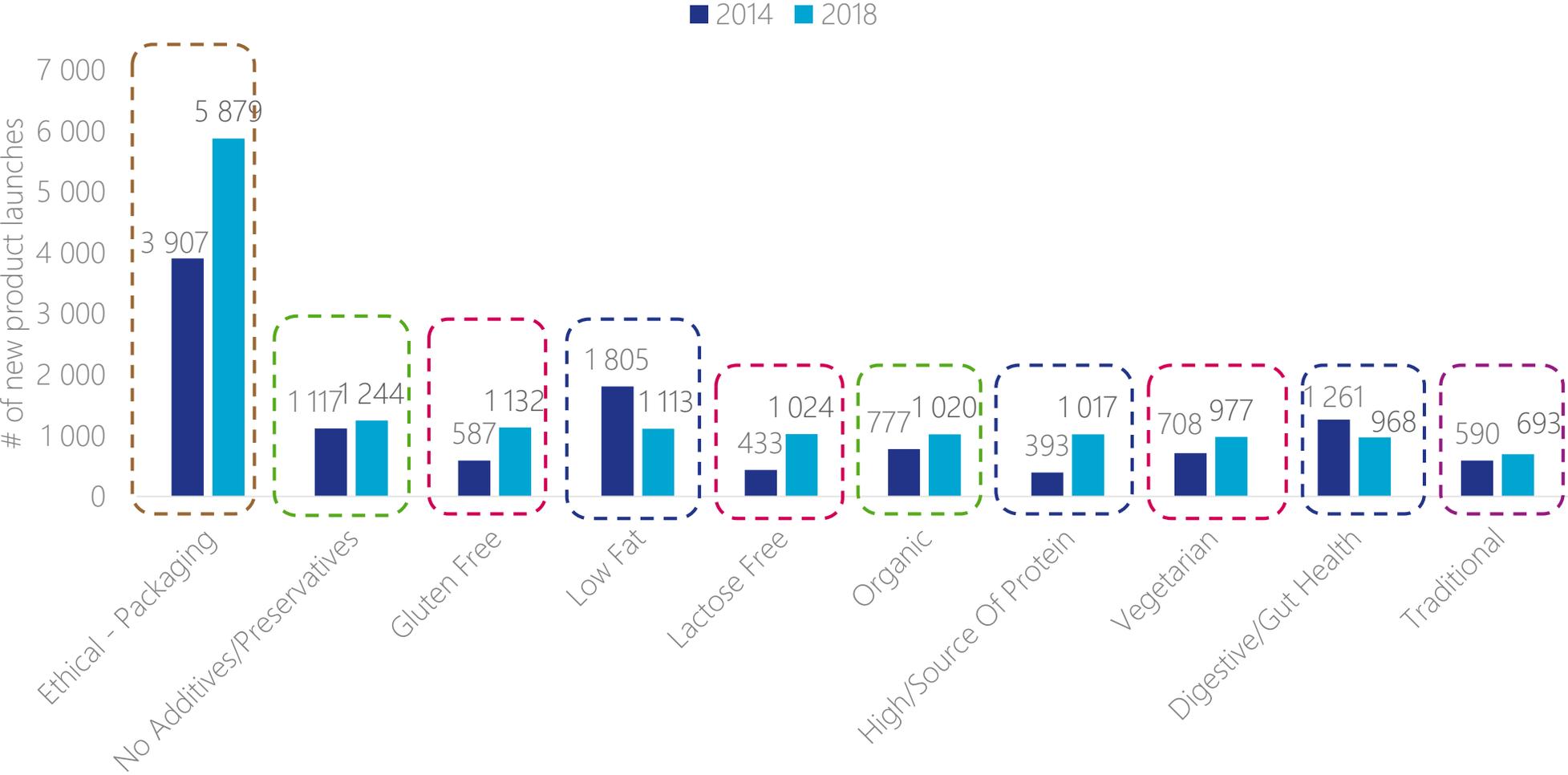
Ethics, clean label and free from lead in dairy positionings in Europe

Top positionings as percentage (%) of dairy new product launches tracked (Europe, 2018 vs. 2014)



Ethics, clean label and free from lead in dairy positionings in Europe

Number of dairy new product launches tracked per positioning (Europe, 2018 vs. 2014)



Ethical

Clean label

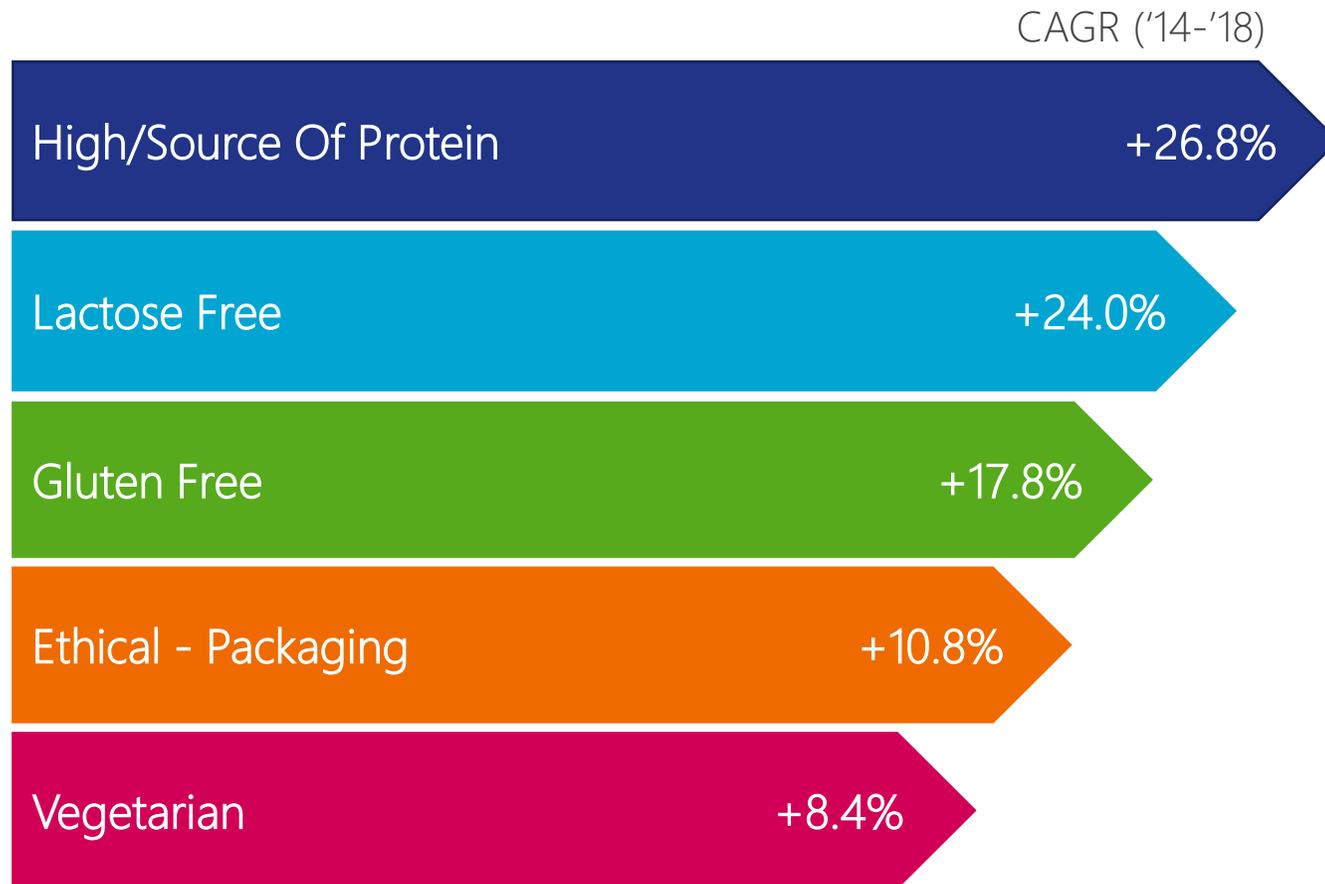
Free From

Health

Pleasure

Health claims are fastest growing in European dairy products

Fastest growing top positionings as an average annual growth rate (%) in new dairy product launches tracked (Europe, CAGR 2014-2018)



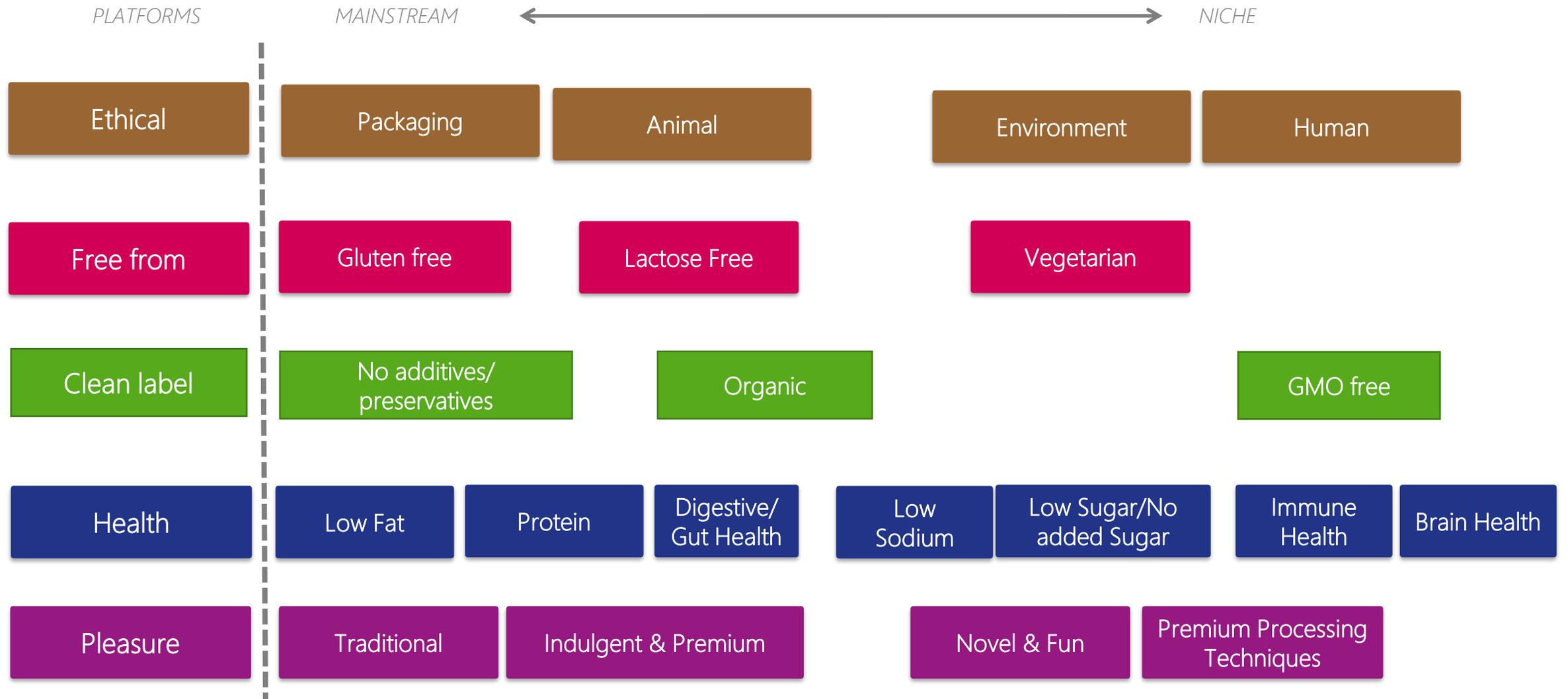
Danone I Love Corpsos Queijo Fresco Light: Light Cottage Cheese

Portugal, Apr 2019

CLAIMS Light. With ingredients of natural origin. Reduced fat content (-60% fat than the average market for fresh non-light cheeses).

Rich in protein. Green Dot Certified.

Key innovation platforms in dairy products



European Consumer Insights in Cheese - Europe



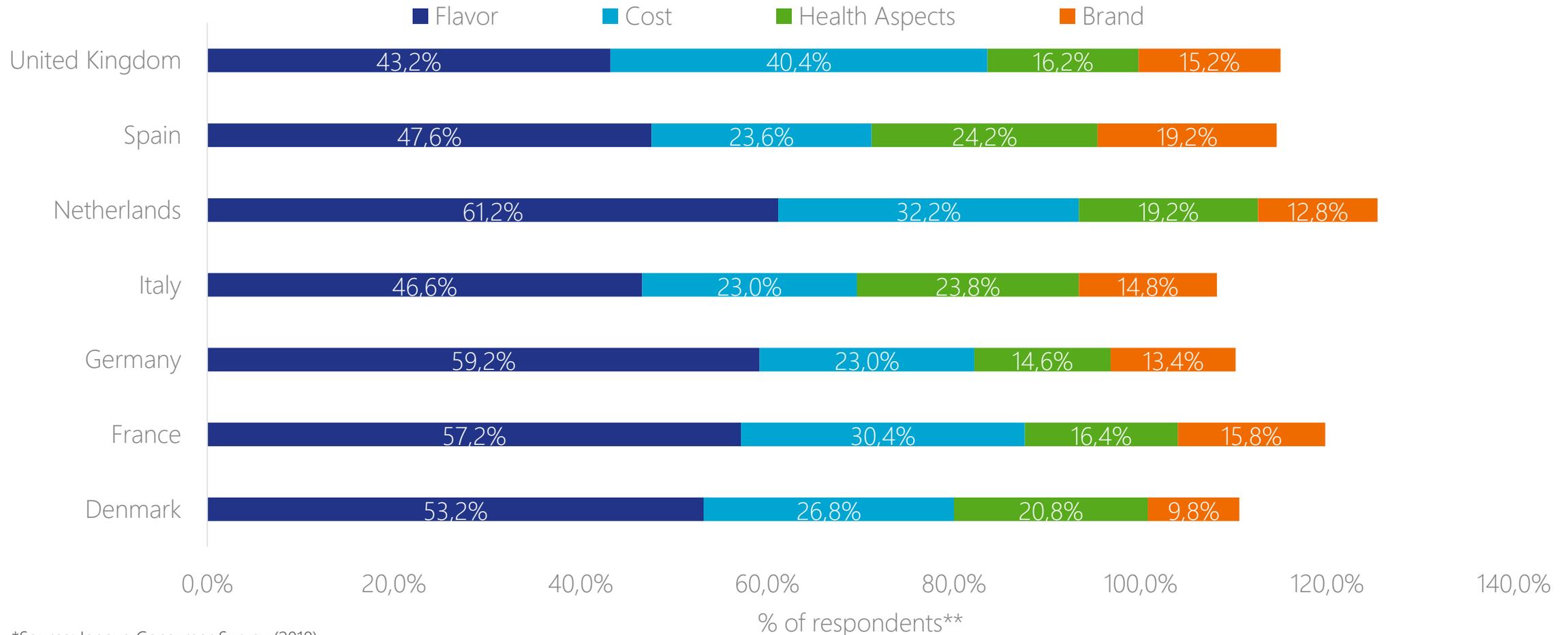
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Flavor is the main factor consumers pay importance when buying cheese

What factors do you pay importance to when buying cheese?* (Europe, 2018)



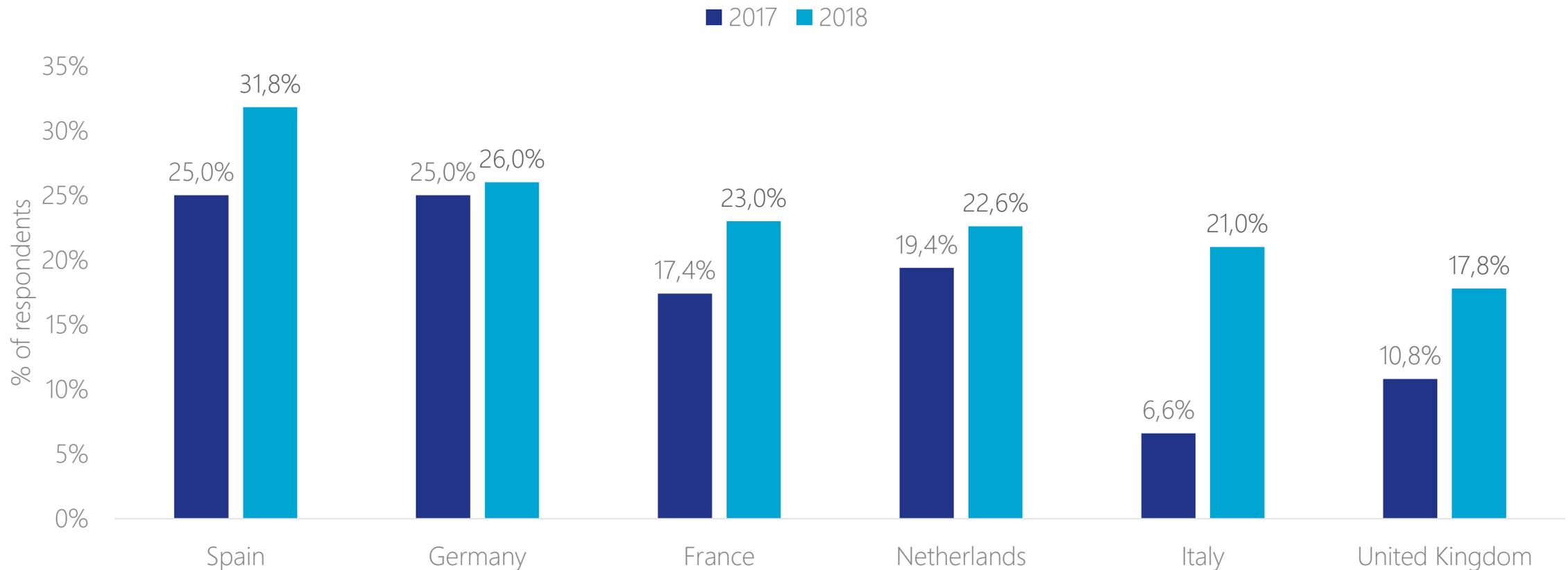
*Source: Innova Consumer Survey (2018)

**Results may be greater than 100% due to multiple answers by consumers.

Cheese consumption increased most in Italy

- Although Italy leads growth and Spain is the leading European country with increased cheese consumption, all the analyzed countries had positive results when comparing 2018 to 2017

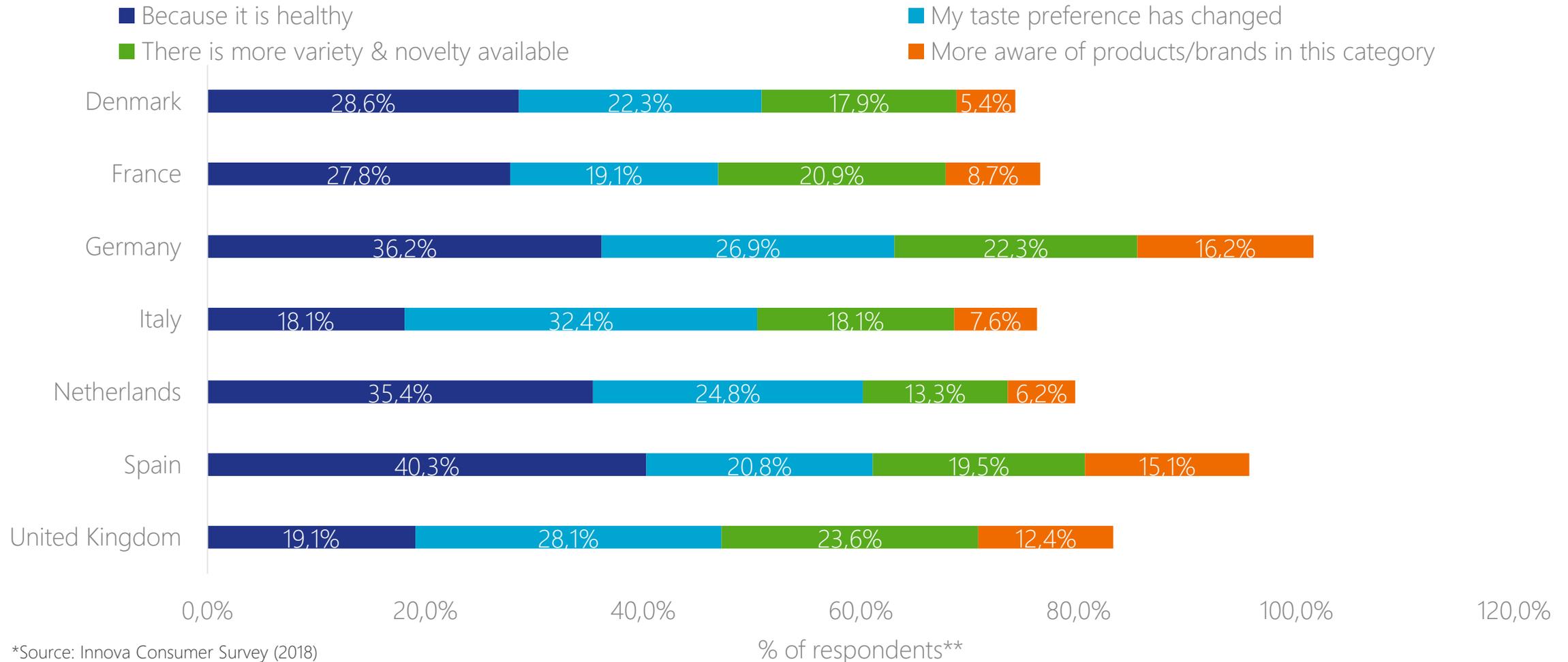
Have you increased your consumption of cheese over the last year? * (Europe, 2018 vs. 2017)



*Source: Innova Consumer Survey (2018) and Innova Consumer Survey (2017)

Health concern and taste are the main drivers for cheese consumption

Why have you increased your consumption of cheese?* (Europe, 2018)



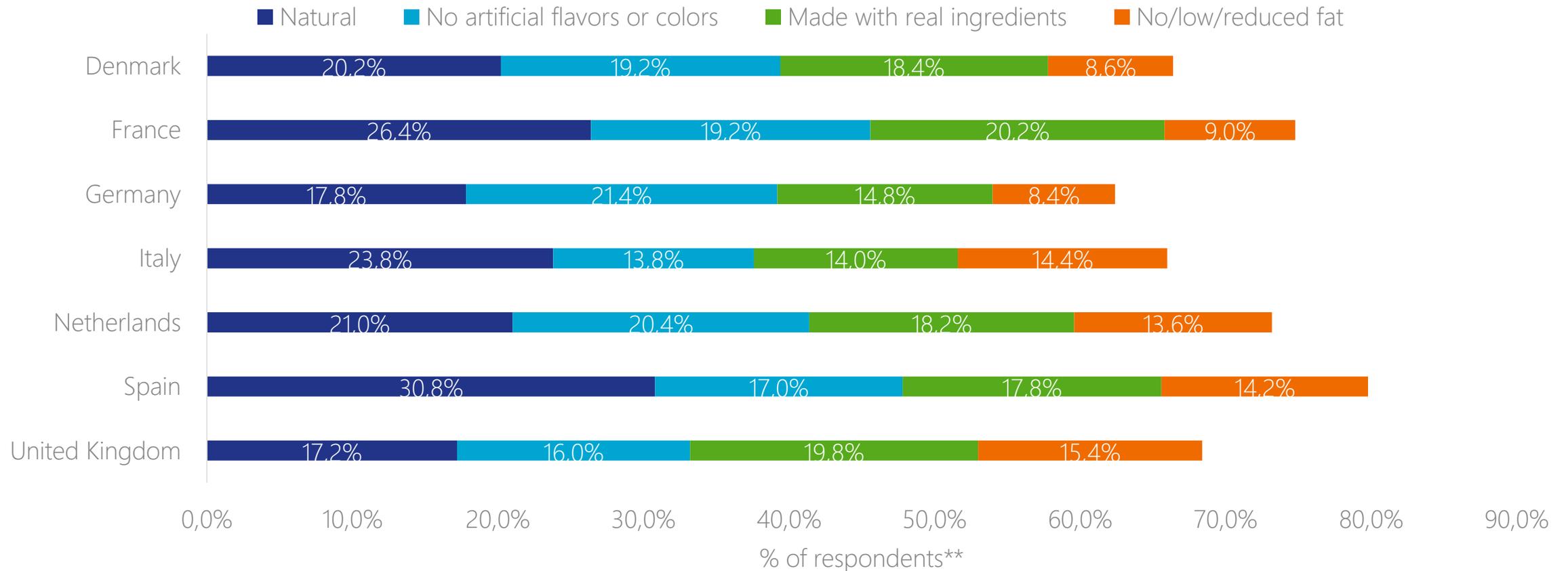
*Source: Innova Consumer Survey (2018)

**Results may be greater than 100% due to multiple answers by consumers.

Clean label is the main factor influencing cheese purchase in Europe

- 'Natural' is the leading factor influencing purchase of cheese. Real ingredients use is a concern in France and reduced fat is specially important in Italy and United Kingdom.

Choose up to three factors that most influence your purchasing decision when purchasing cheese?* (Europe, 2018)

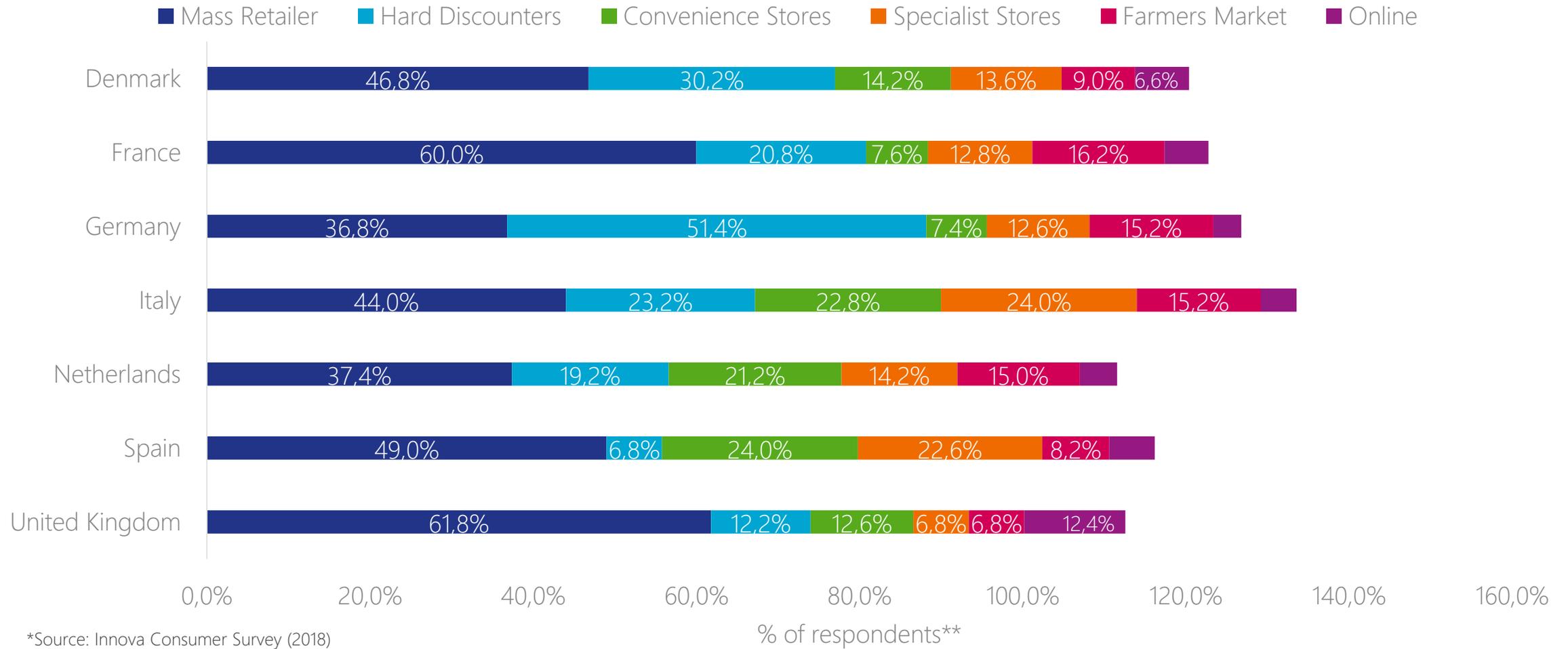


*Source: Innova Consumer Survey (2018)

**Results may be greater than 100% due to multiple answers by consumers.

Physical stores lead cheese purchase, specially mass retailers

Where do you typically purchase cheese?* (Europe, 2018)



*Source: Innova Consumer Survey (2018)

**Results may be greater than 100% due to multiple answers by consumers.

European Consumer Insights in Yogurt - Europe



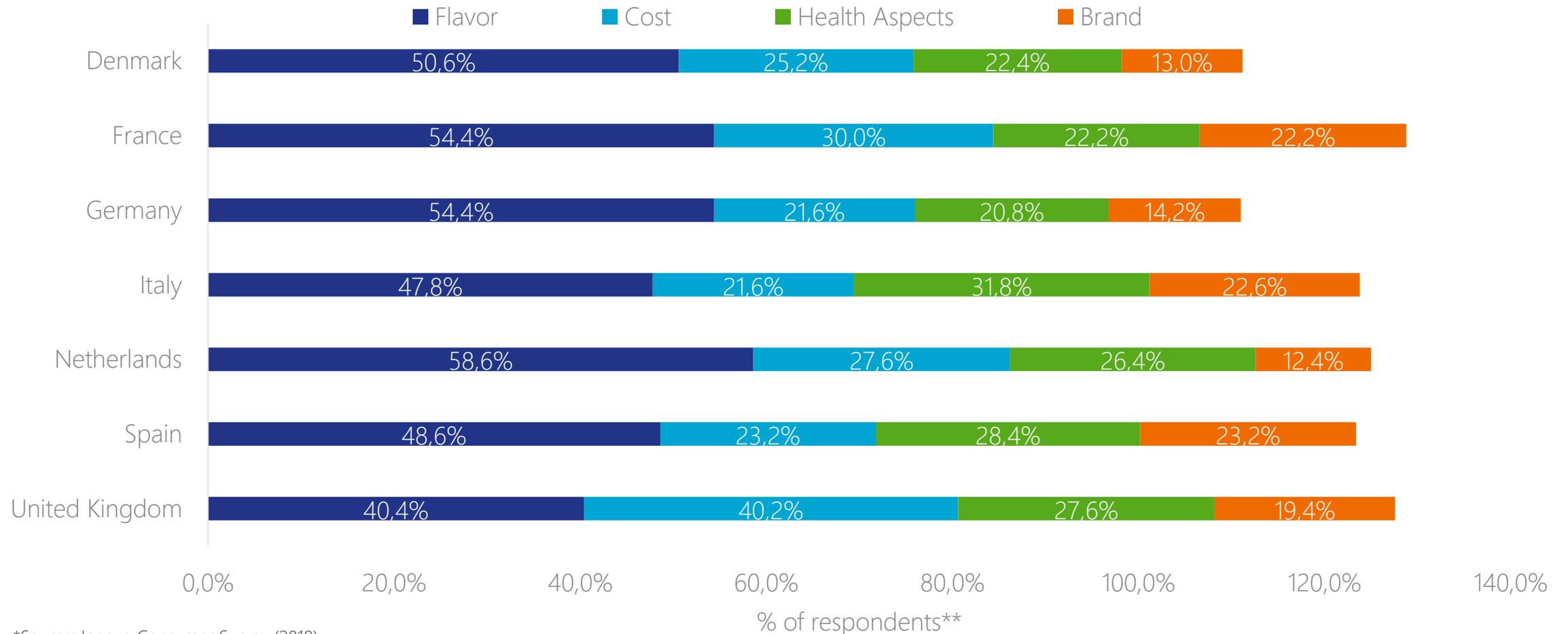
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Flavor is the main factor consumers pay importance when buying yogurt

What factors do you pay importance to when buying yogurt?* (Europe, 2018)



*Source: Innova Consumer Survey (2018)

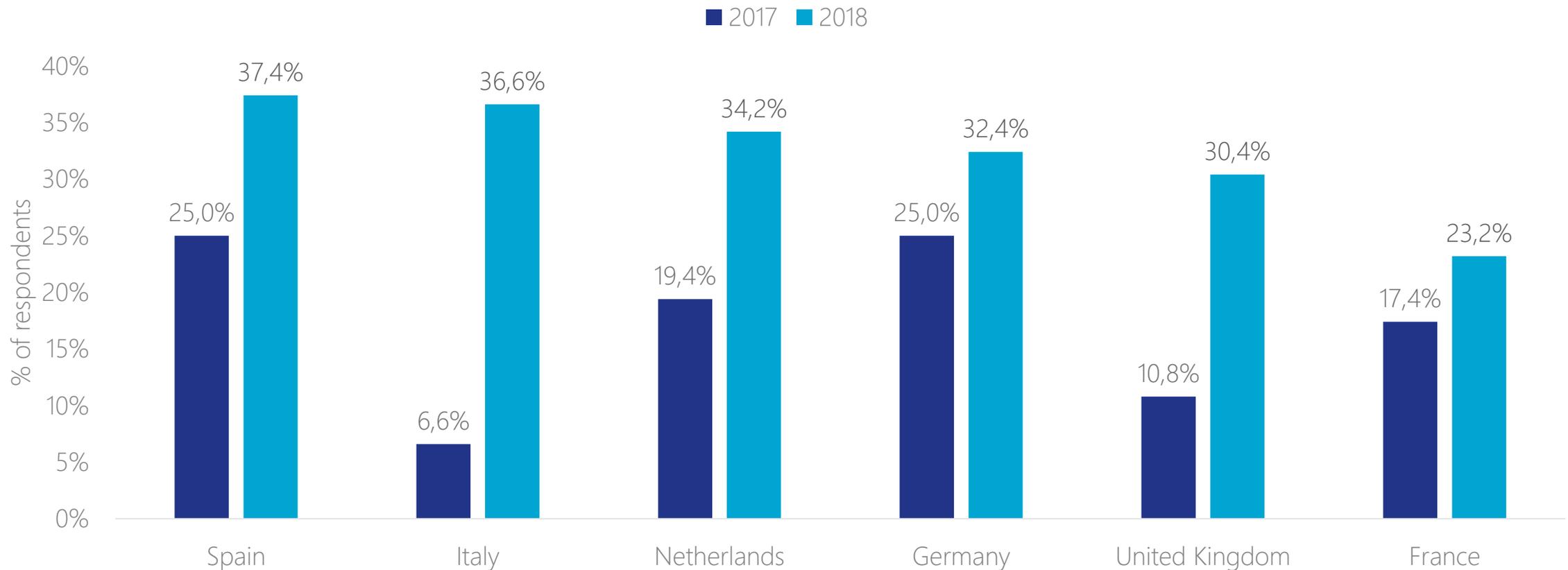
**Results may be greater than 100% due to multiple answers by consumers.



Yogurt consumption increased most in Italy and UK

- Although Italy leads growth and Spain is the leading European country with increased yogurt consumption, all the analyzed countries had positive results when comparing 2018 to 2017

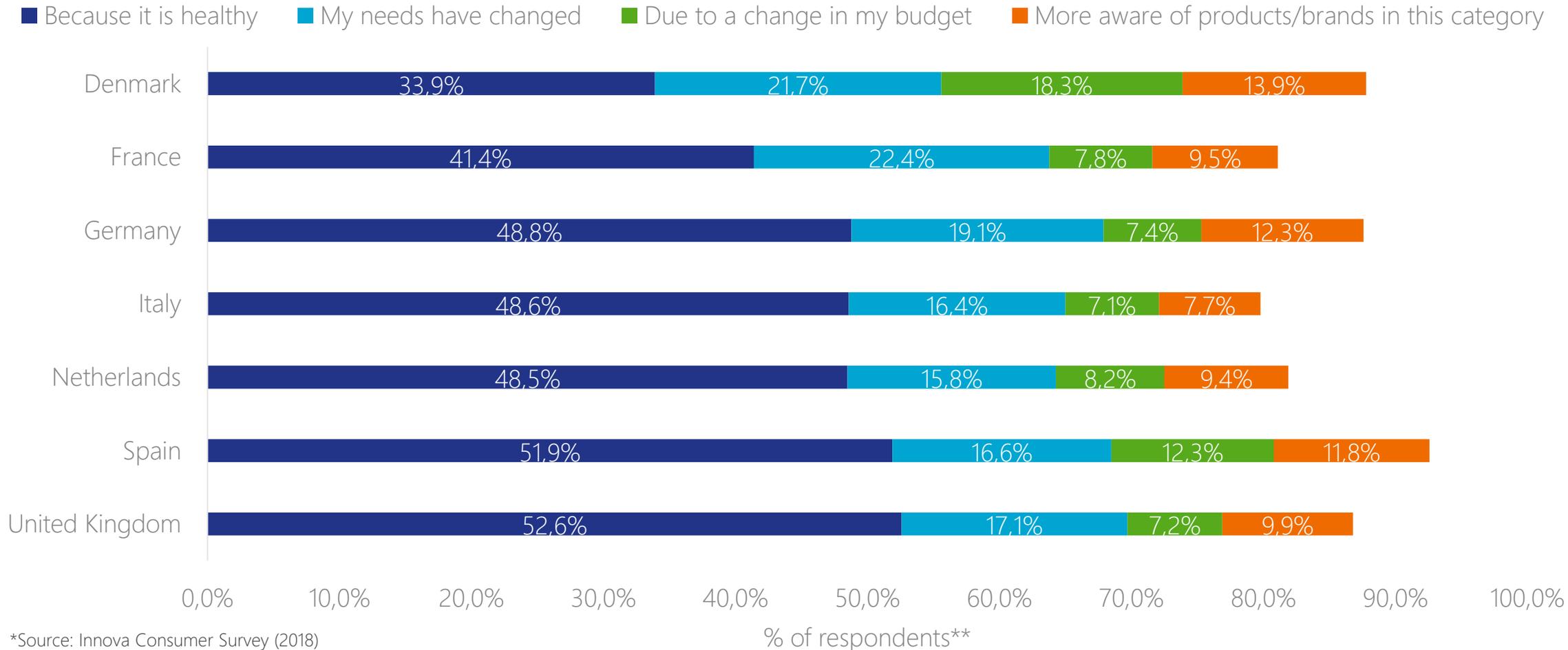
Have you increased your consumption of yogurt over the last year? Answer: Yes* (Europe, 2018 vs. 2017)



*Source: Innova Consumer Survey (2018) and Innova Consumer Survey (2017)

Health concern: main driver for yogurt consumption in all analyzed countries

Why have you increased your consumption of yogurt?* (Europe, 2018)



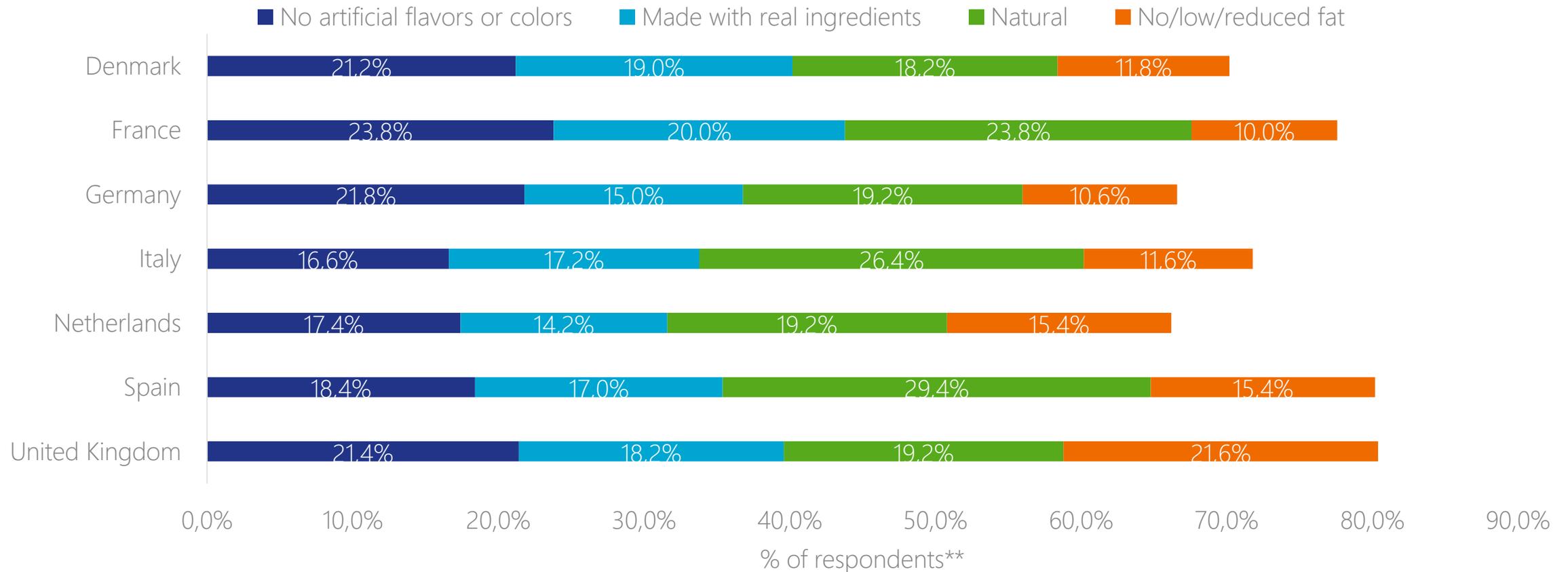
*Source: Innova Consumer Survey (2018)

**Results may be greater than 100% due to multiple answers by consumers.

Clean label is the main factor influencing yogurt purchase in Europe

- 'No artificial flavors or colors' is the leading factor influencing purchase of yogurt. Being natural is a concern in France, Italy and Spain, reduced fat is specially important in United Kingdom.

Choose up to three factors that most influence your purchasing decision when purchasing yogurt?* (Europe, 2018)

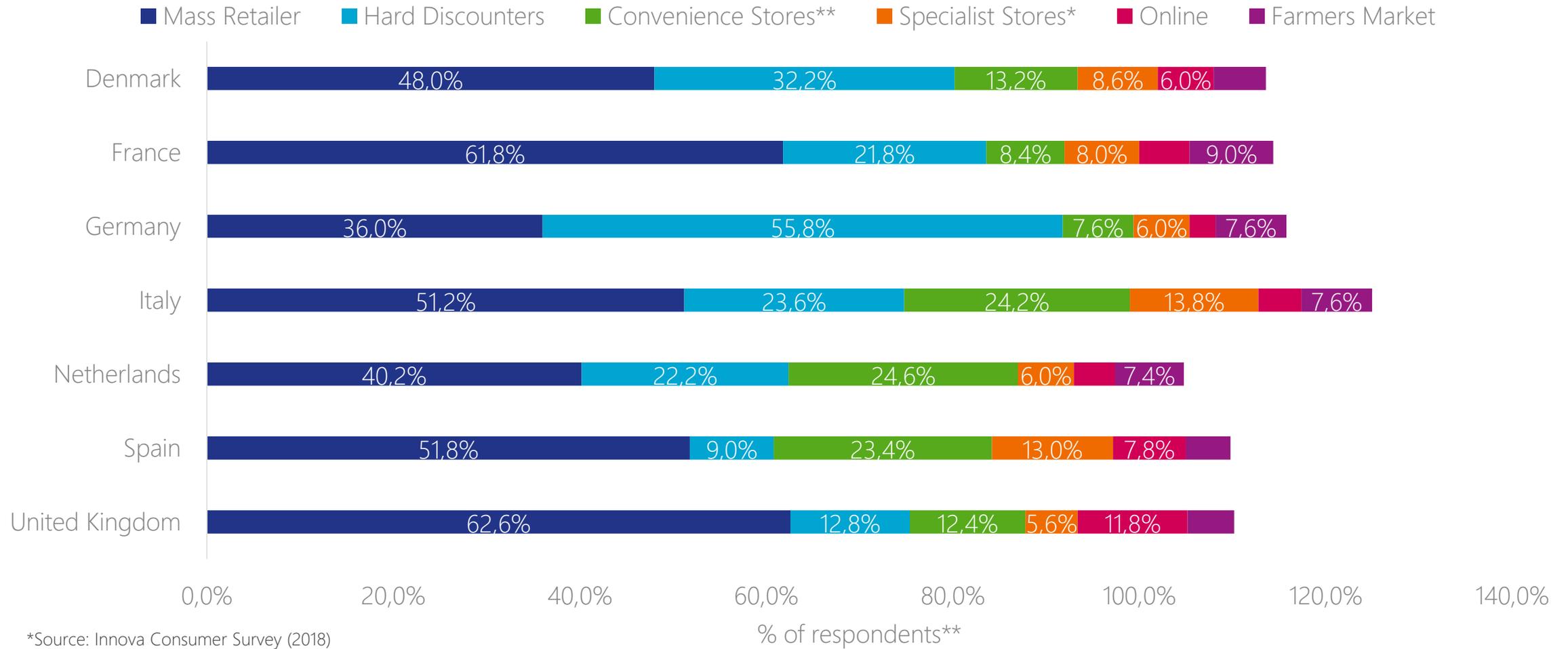


*Source: Innova Consumer Survey (2018)

**Results may be greater than 100% due to multiple answers by consumers.

Physical stores lead yogurt purchase, specially mass retailers

Where do you typically purchase yogurt?* (Europe, 2018)



*Source: Innova Consumer Survey (2018)

**Results may be greater than 100% due to multiple answers by consumers.

Overview of Trends in Traditional Dairy - Europe



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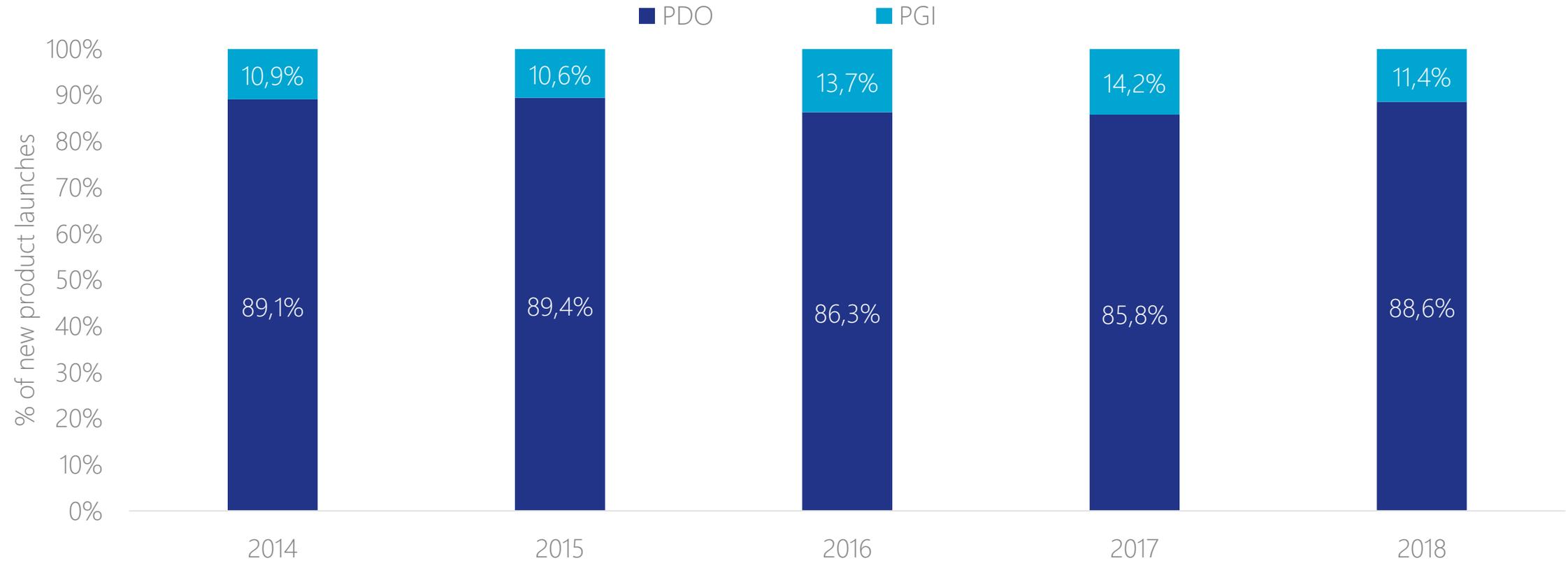


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9 out of 10 NPL with traditional seal in dairy in Europe has a PDO seal

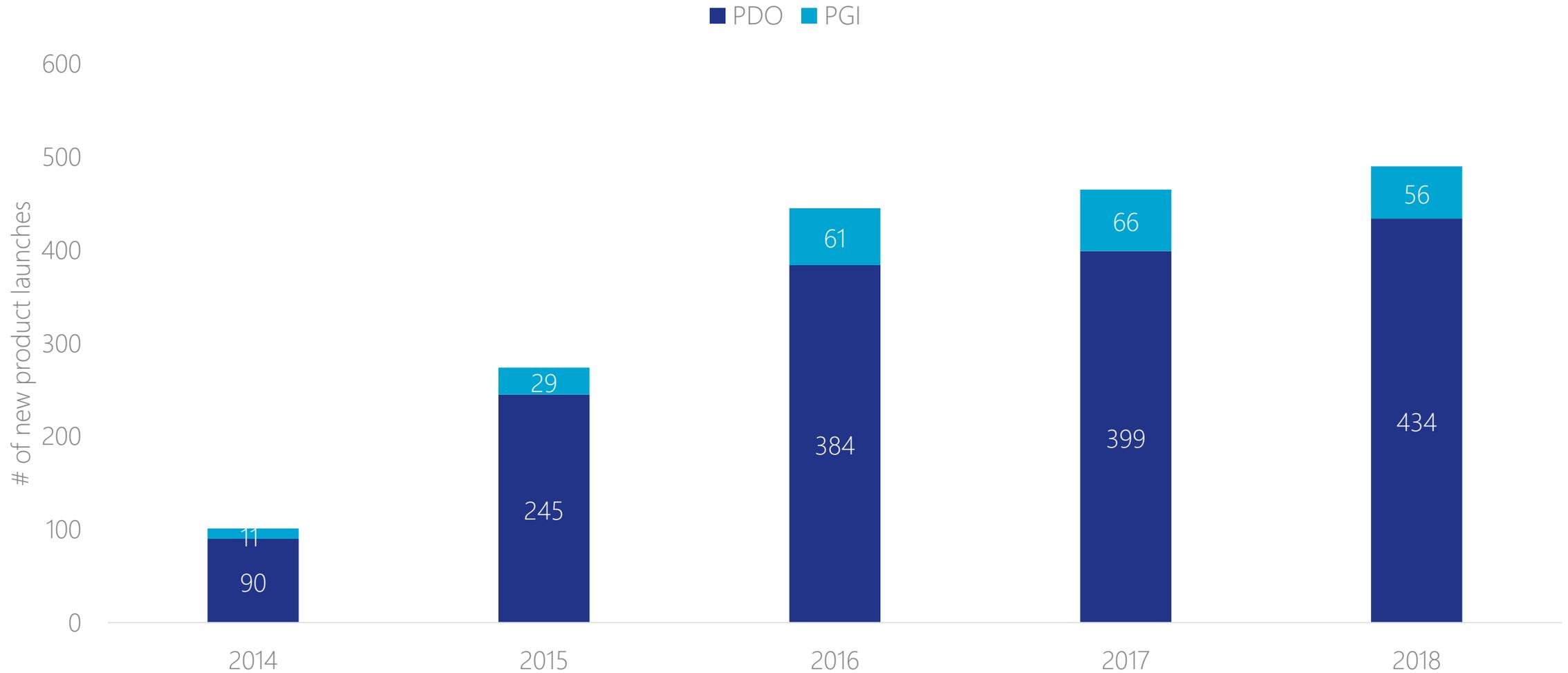
- Share of PDO and PGI seal in dairy is stable in Europe with PDO seal accounting for nearly 90% of NPD with origin seal.

Share of traditional/original claims as percentage (%) of new dairy product launches tracked with traditional/origin seal (Europe, 2014-2018)



2018 is the year with highest NPD with PDO and PGI seals

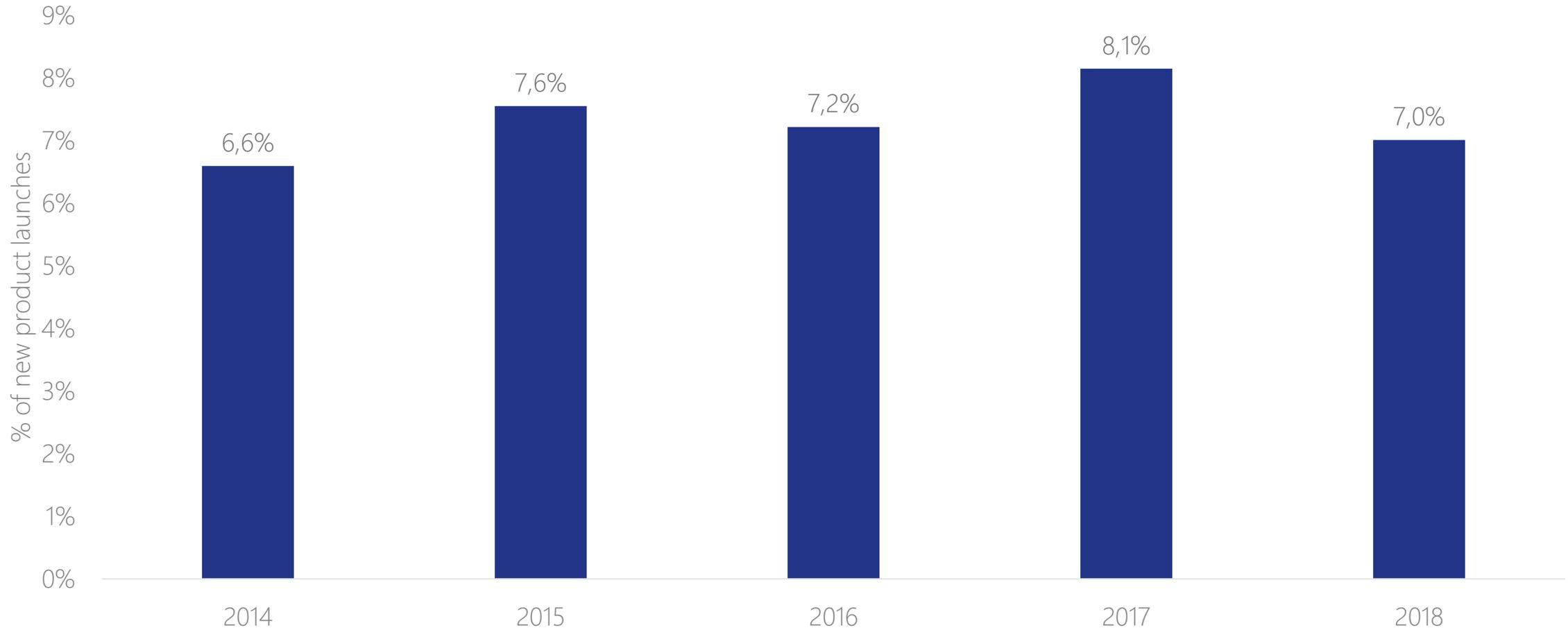
Number of new dairy product launches tracked with traditional/origin seal (Europe, 2014-2018)



Traditional positioning is stable in European dairy products

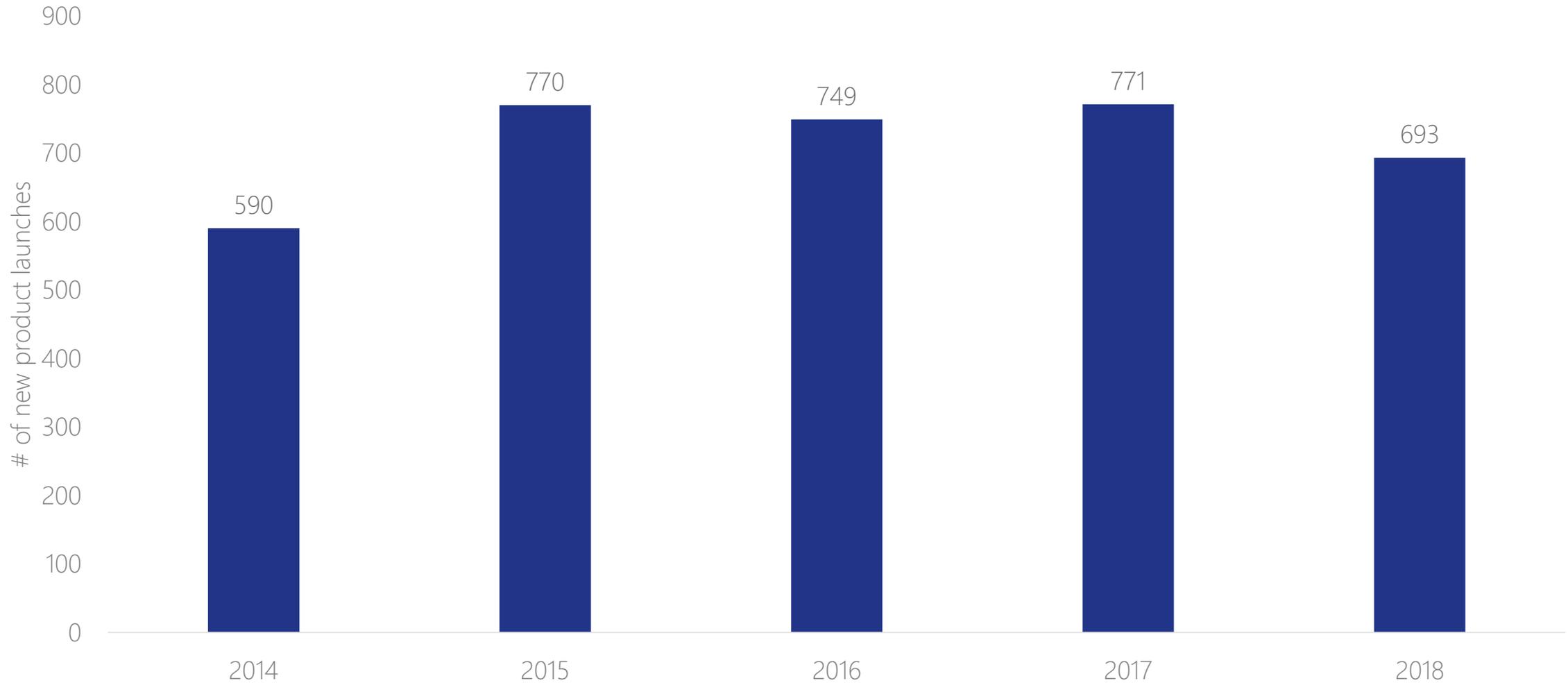
- With share varying from 6.6% to 8.1%, traditional positioning is stable in European dairy products.

Share of traditional positioning as percentage (%) of new dairy product launches tracked (Europe, 2014-2018)



Traditional positioning is stable in European dairy products

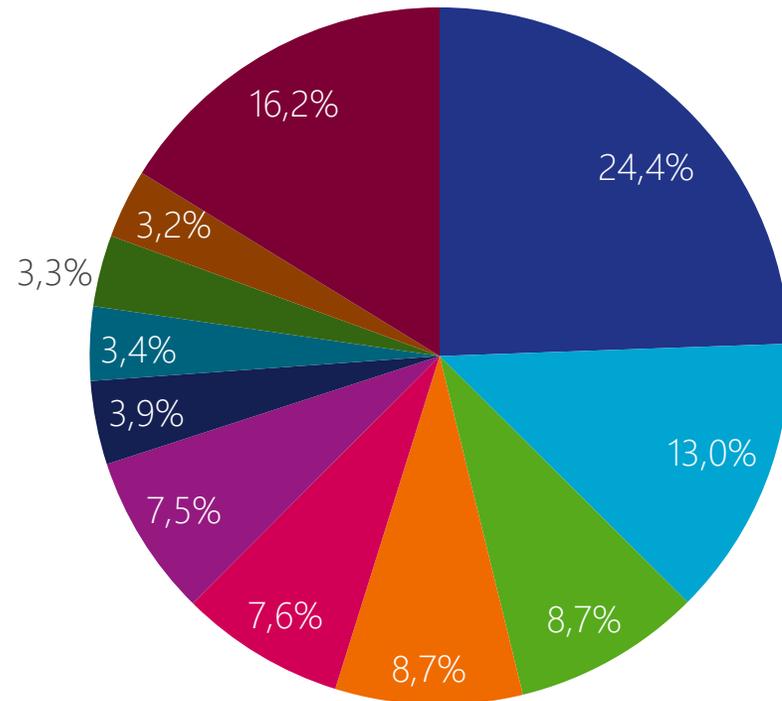
Number of new dairy products with traditional positioning launches tracked (Europe, 2014-2018)



1 in 4 new product launches with origin seal in European dairy is French

Top countries as percentage (%) of new dairy products launches tracked with traditional/origin seal (Europe, 2014-2018)

- France
- Germany
- Greece
- Switzerland
- Italy
- Netherlands
- Sweden
- Rest of Europe
- United Kingdom
- Spain
- Belgium



U Saveurs Cantal Entre Deux Aop: Aop Cantal Cheese

France, Apr 2019

CLAIMS Made with raw milk. **Protected Designation of Origin logo.** Green Dot Certified.



Bertozzi Parmigiano Reggiano Cheese Flakes

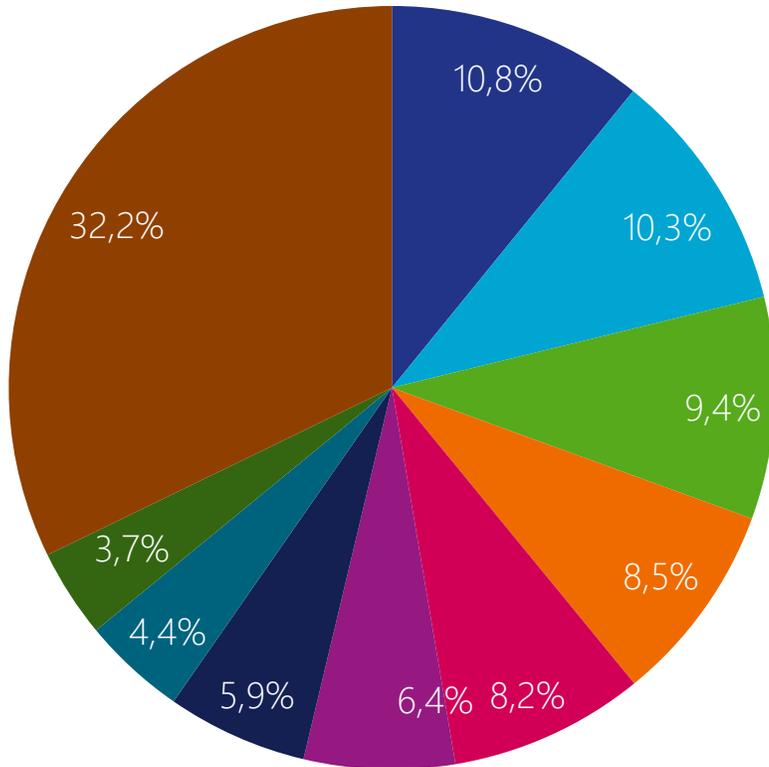
Italy, Apr 2019

CLAIMS **Protected Designation of Origin logo.** Since 1901, Bertozzi has chosen the forms of Parmigiano Reggiano with authentic respect for traditions. Green Dot Certified.

Germany leads launches with traditional positioning in dairy products

Top countries as percentage (%) of new dairy product launches tracked with traditional positioning (Europe, 2014-2018)

- Germany
- France
- Greece
- Spain
- United Kingdom
- Netherlands
- Russia
- Italy
- Portugal



St Mang Original Allgauer Limburger Soft Cheese

Germany, Apr 2019

CLAIMS 9% fat absolutely. 100% money back. Green Dot Certified. Lactose free. Every St. Mang Kase is an original Allgauer- as characterful and expressive as the Allgau. With the **traditional house maturation**, St. Mang has been setting an unmistakable **standard in the cheese trade since 1910**.



Yaranza Kefir De Cabra: Kefir From Goat Milk

Spain, Jan 2019

CLAIMS Gluten free. Made with fresh milk from select cattle. The **artisanal process of making allows to make a kefir** without any type of artificial additive, thus achieving a natural product of extraordinary quality. No artificial colorings and preservatives. Green Dot Certified.



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Lidl is the top company in product launches with traditional/origin seal

- European market for traditional products is highly fragmented and received new players in the last five years.

Top companies as percentage (%) of new dairy product launches tracked with traditional/origin seal (Europe, 2014)



Top companies as percentage (%) of new dairy product launches tracked with traditional/origin seal (Europe, 2018)



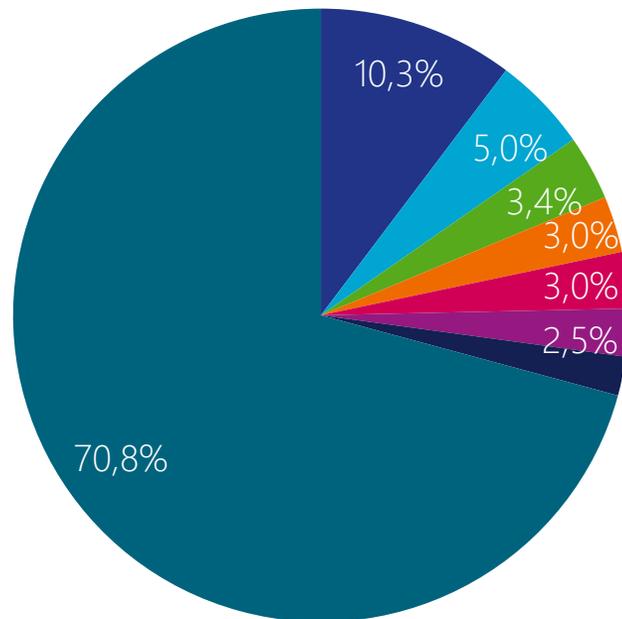
* Other companies = 40 companies

** Other companies = 120 companies

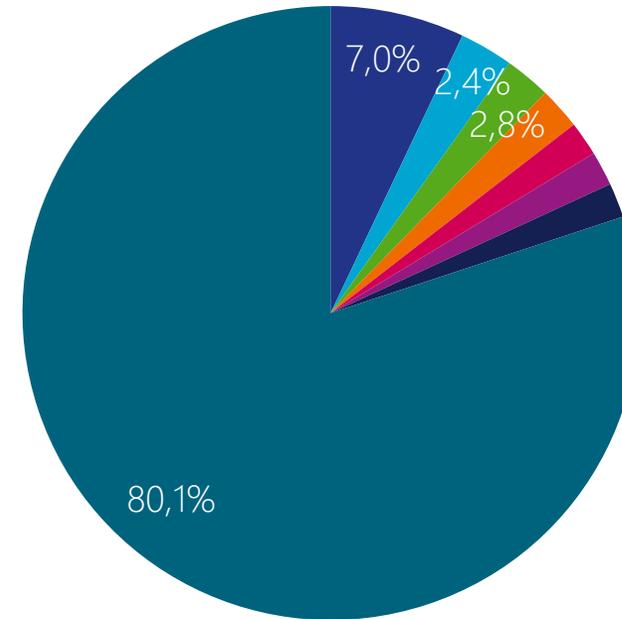
Lidl and Arla lead dairy launches with traditional positioning

- Dairy market for traditional positioning is more fragmented than the segment of products with traditional/origin seal.

Top companies as percentage (%) of new dairy product launches tracked with traditional positioning (Europe, 2014)



Top companies as percentage (%) of new dairy product launches tracked with traditional positioning (Europe, 2018)

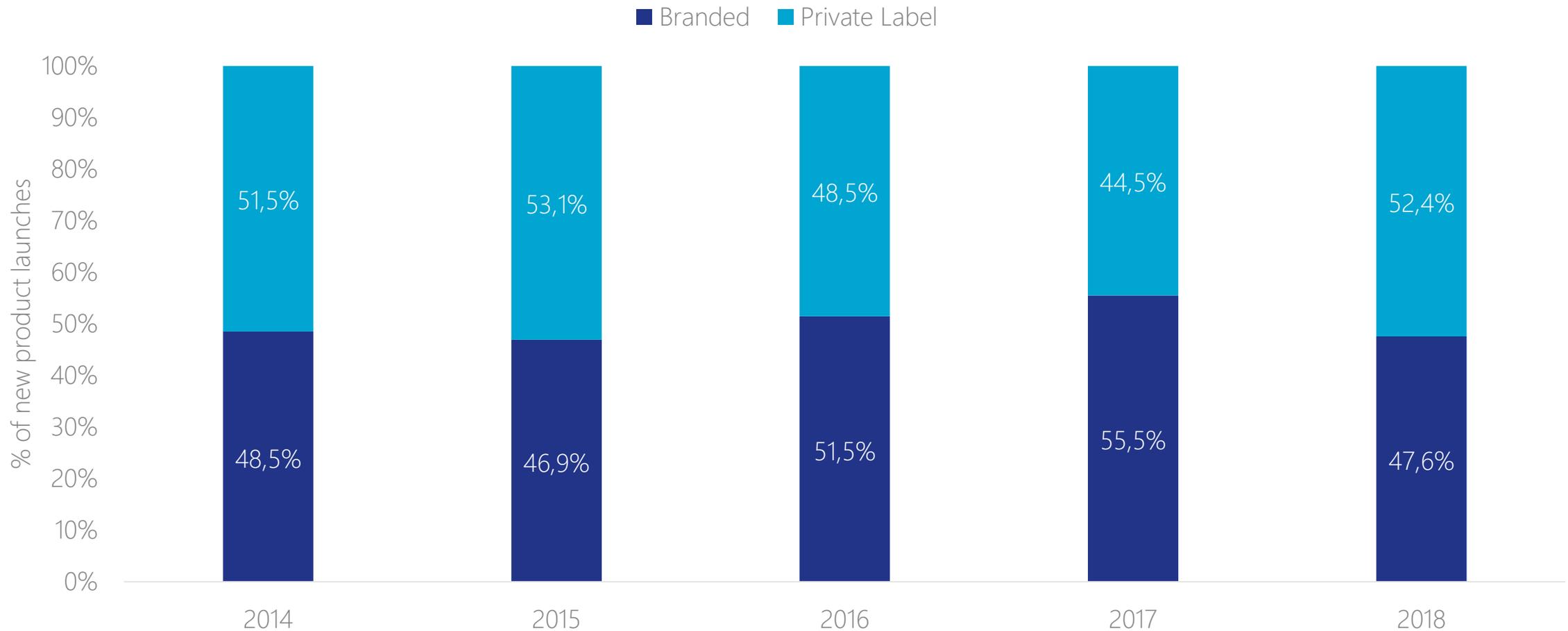


* Other companies = 123 companies

** Other companies = 133 companies

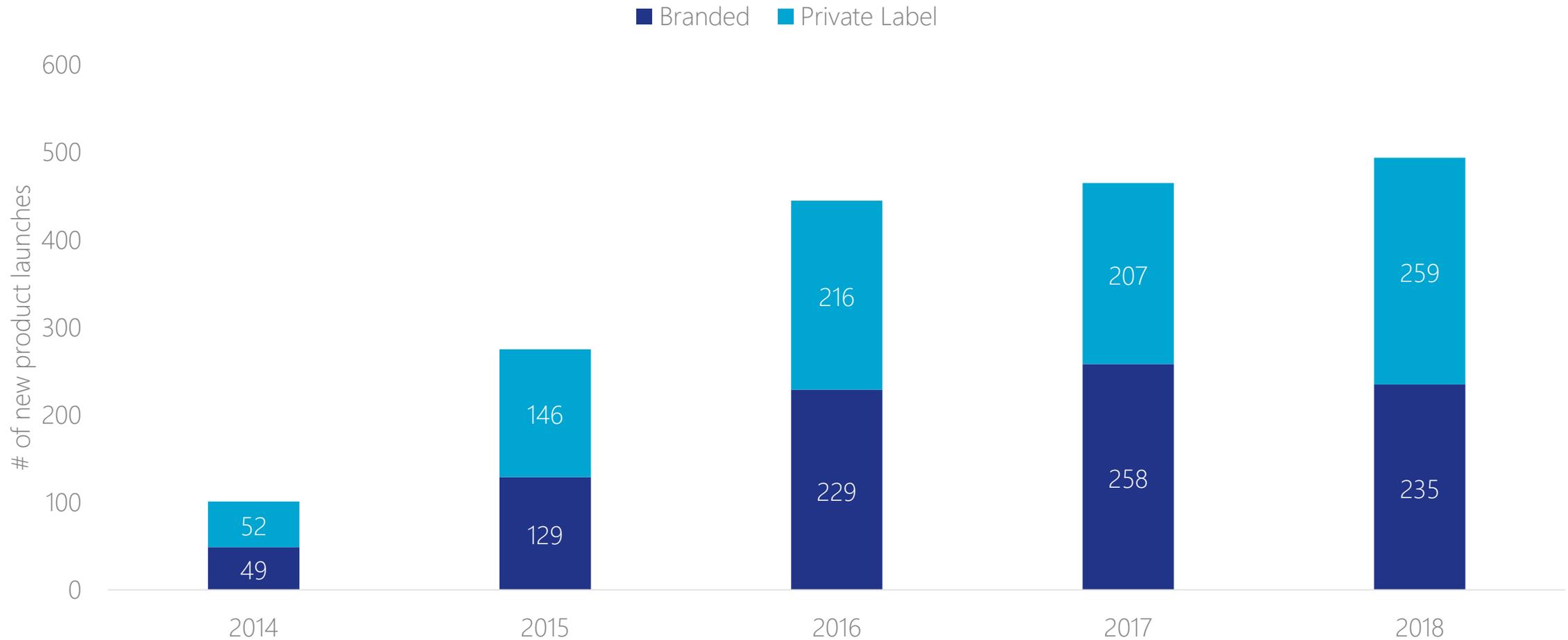
More private label dairy products launches with traditional claims

Share of branded and private label as percentage (%) of new dairy product launches tracked with traditional/origin seal (Europe, 2014-2018)



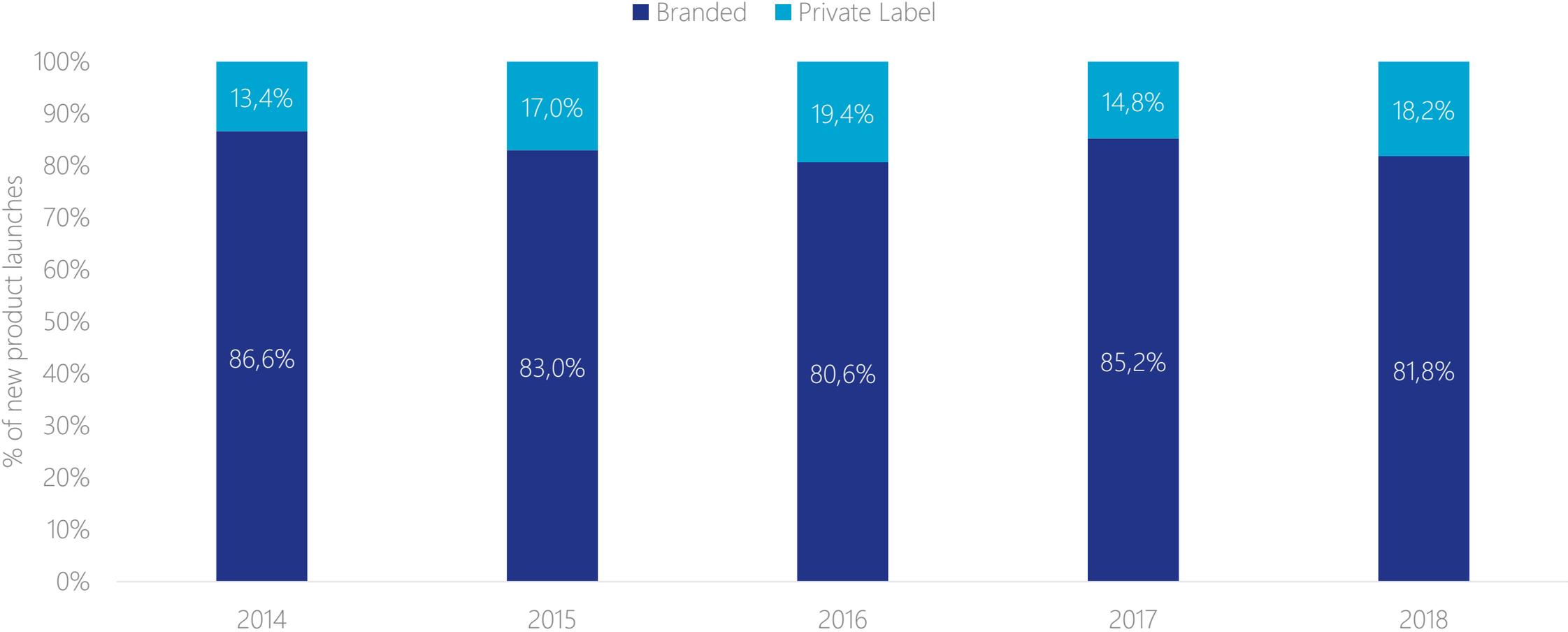
Presence of private label increased in products with traditional/origin seal

Number of new dairy product with traditional/origin seal branded and private label (Europe, 2014-2018)



More branded products with traditional positioning and absence of seal

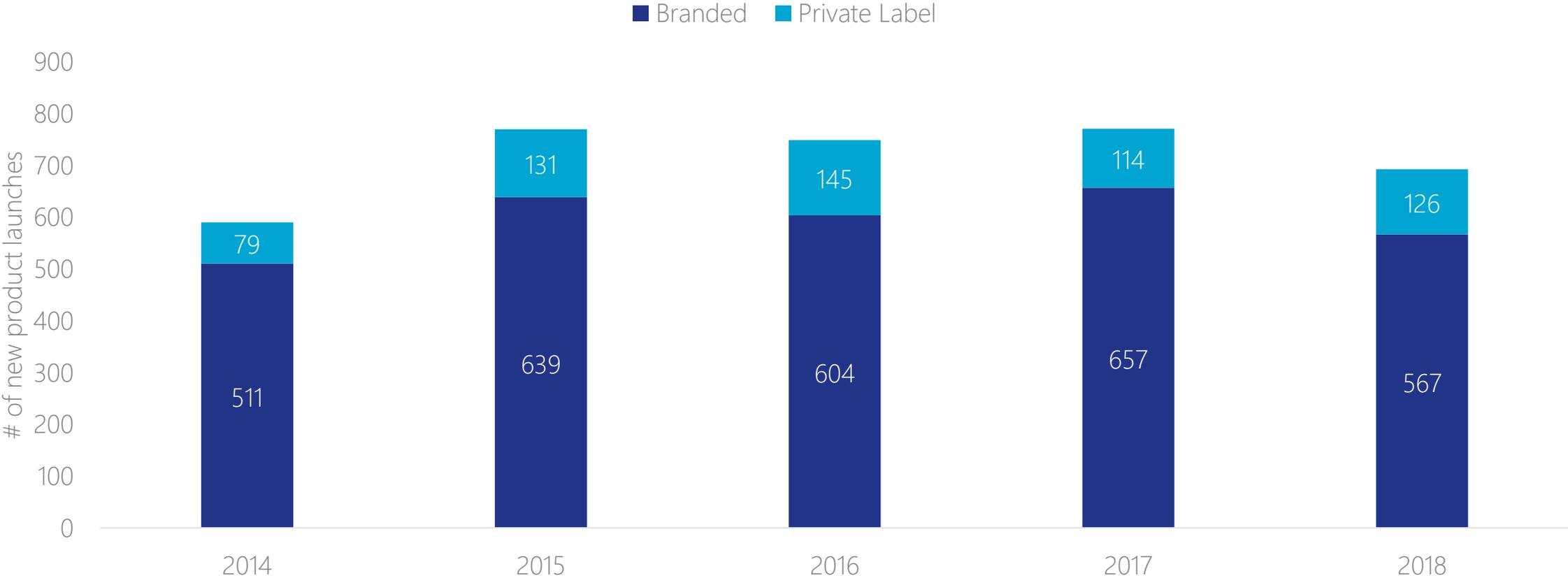
Share of branded and private label as percentage (%) of new dairy product launches tracked with traditional positioning (Europe, 2014-2018)



More branded products with traditional positioning and absence of seal

- While products with traditional/origin seal have higher private label presence, in products with traditional positioning and not necessarily having an origin seal, there is higher presence of branded product launches.

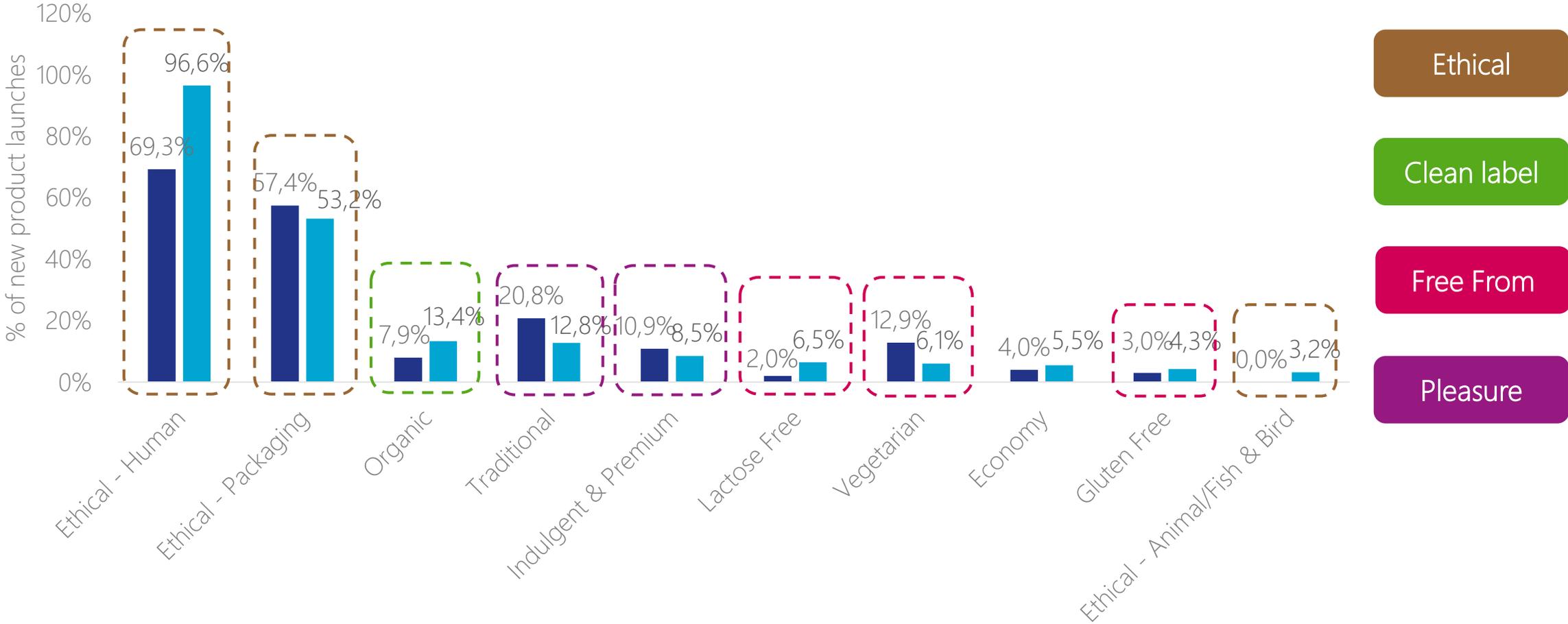
Number of new dairy products with traditional positioning branded and private label (Europe, 2014-2018)



Ethical claims on top of dairy products with traditional/origin seal

Top positionings as percentage (%) of dairy new product launches tracked with traditional/origin seal (Europe, 2018 vs. 2014)

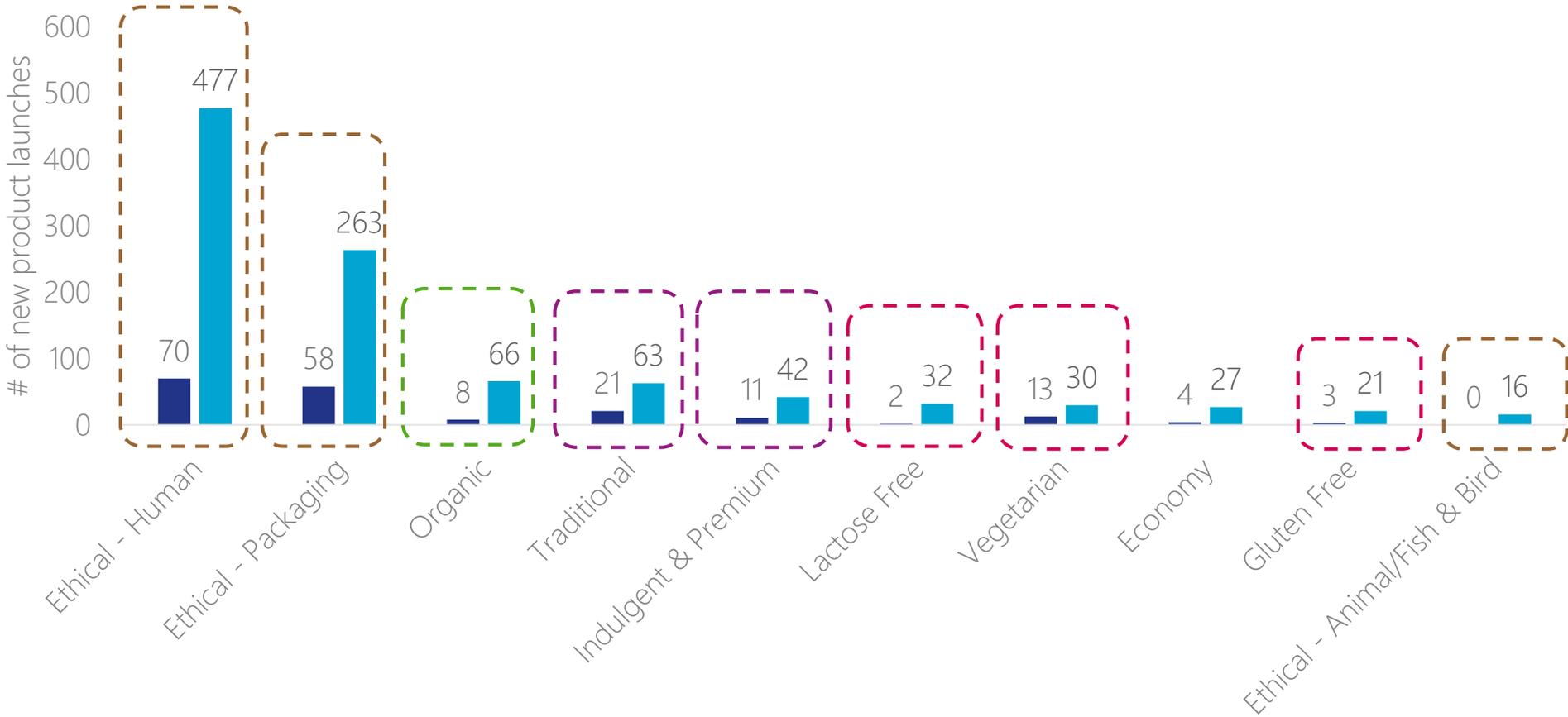
■ 2014 ■ 2018



Ethical claims on top of dairy products with traditional/origin seal

Number of new dairy products with traditional/origin seal launches tracked per positioning (Europe 2014 vs. 2018)

■ 2014 ■ 2018



Ethical

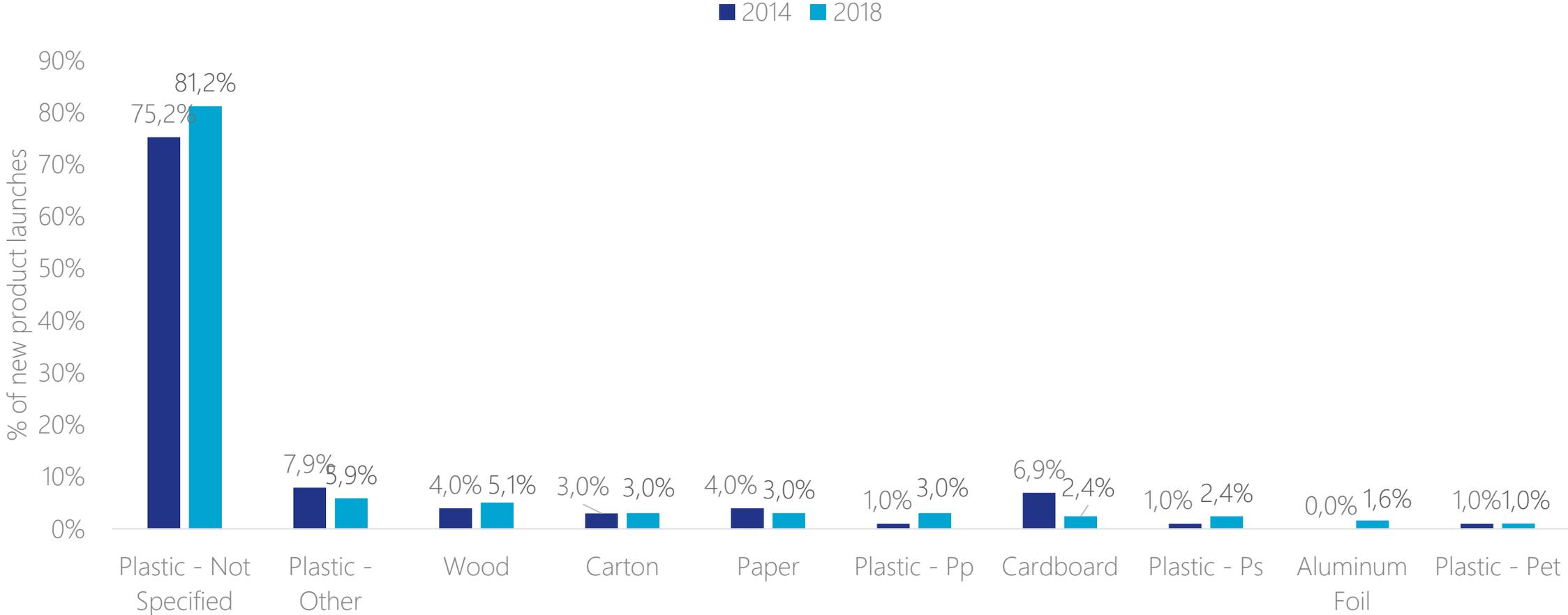
Clean label

Free From

Pleasure

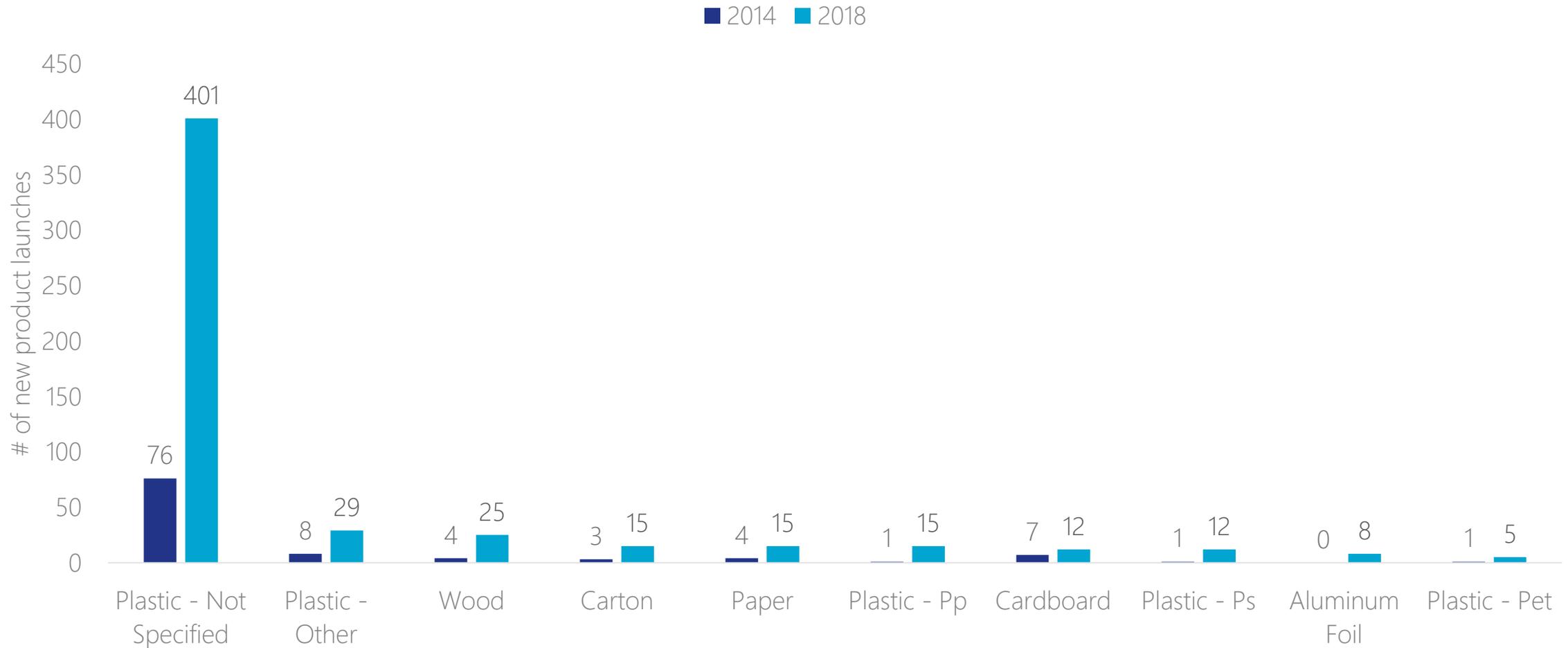
Plastic remains the main packaging material in dairy products with seal

Packaging material as percentage (%) of dairy new product launches tracked with traditional/origin seal (Europe 2014 vs. 2018)



Plastic remains the main packaging material in dairy products with seal

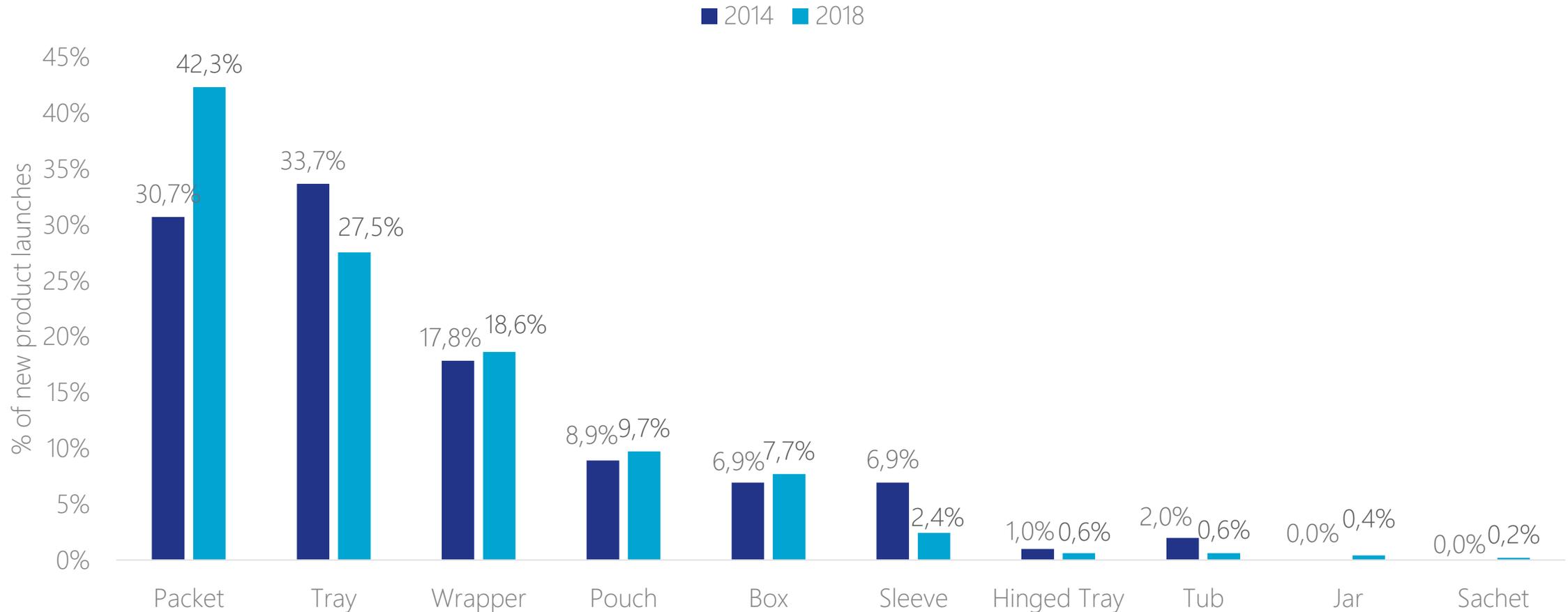
Number of new dairy products with traditional/origin seal launches tracked per packaging material (Europe 2014 vs. 2018)



Packet leads dairy packaging while tray decreases

- Packet, wrapper, pouch and box are growing options for traditional dairy products in alternative to trays and sleeves.

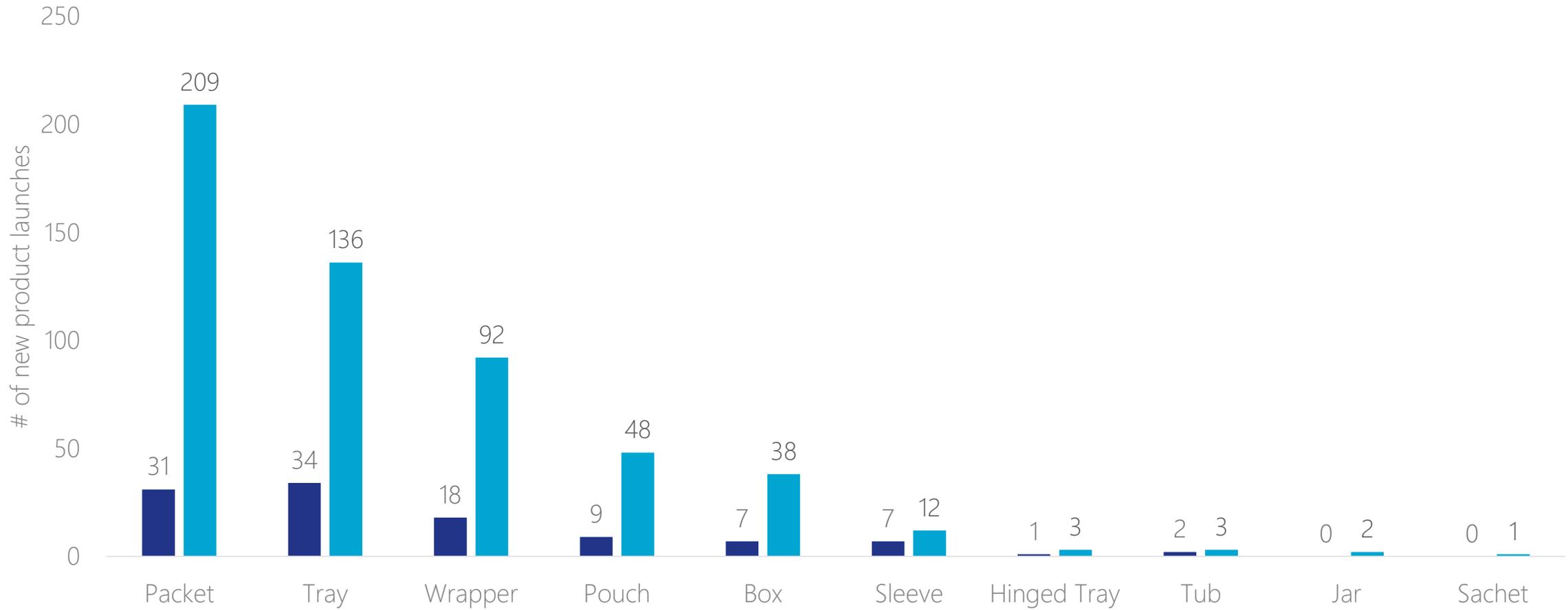
Packaging type as percentage (%) of dairy new product launches tracked with traditional/origin seal (Europe 2014 vs. 2018)



Packet leads dairy packaging while tray decreases

Number of new dairy products with traditional/origin seal launches tracked per packaging type (Europe 2014 vs. 2018)

■ 2014 ■ 2018



*Traditional/origin seal = products with PGI, PDO, TSG, Mountain Product, Product of Canary Islands and Product of Island Farming seal.



Innovation Opportunities in Dairy with Traditional/Origin Seal - Europe



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Spotlight on ethical claims: animal, human and packaging

ANIMAL

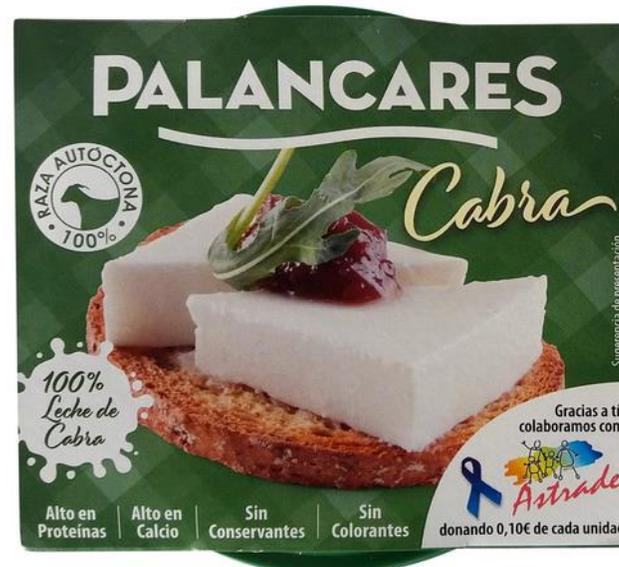


Kerrygold Mature Cheddar Cheese

Denmark, Apr 2019

CLAIMS 100% natural. Rich and creamy. **Milk from grass-fed cows.** Meadow milk Ireland. **Our cows graze outdoors up to 300 days per year.** Green Dot Certified. Suitable for vegetarians.

HUMAN



Palancares Queso De Cabra: Goat Cheese

Spain, Mar 2019

CLAIMS 100% goat milk. 100% indigenous race. **We collaborate with Astrade donating 0,10 euros per each unit.** High in proteins. High in calcium. Without preservatives. Without colorings. Gluten free. Green Dot Certified. Recyclable packaging.

PACKAGING



Arla Oko Vanilje Yoghurt: Organic Yogurt With Vanilla Flavor

Denmark, Oct 2018

CLAIMS ...**This green carton is now even greener. 10% bio-based packaging. 100% unbleached brown cardboard. Thinner packaging layer. The most environmentally friendly packaging ever. 35% less CO2.** Organic milk is homogenized and pasteurized.

Traditional positioning is also used in products without the seal



**Toscanella Queso Provolone Con Oregano:
Provolone Cheese With Oregano**

Spain, Apr 2019

CLAIMS **Big tradition.** Green Dot Certified.



Logismose Skyr: Nature

France, Apr 2019

CLAIMS **...Made according to ancestral Icelandic recipe...** This delicious dairy product is today deeply rooted in the Scandinavian gastronomic culture, the Logismose skyr is **the perfect alliance between tradition and modernity. Traditional.**



Goat Farm Goat Cheese Slices

Poland, Apr 2019

CLAIMS **Tradition** and nature.

Attracting the adventurous consumer to explore exciting new flavors

A SAVORY FLAVOR SURPRISE

Source: Innova Database



The Veggie Plot Savoury Yogurts For Foodies: Red Pepper With Zing

United Kingdom, Jul 2018

DESCRIPTION **Red pepper flavored savoury Greek yogurt with zing**, for foodies. Eat just as it is or try stirring through cooked pasta, top with chilli flakes, parmesan and parsley for a delicious, quick and healthy weekday supper.

THE VALUE OF LIMITED EDITION

Source: Innova Database



Eru Winterkuijpje: Winter Mustard Honey Cheese

Netherlands, May 2018

DESCRIPTION Eru **Winter Cup Mustard Honey** is a creamy, spreadable cheese with mustard and honey... Enjoy this delicious delicacy during the winter months. **This product is temporarily available so be quick!**

PROCESSING MAKES PREMIUM

Source: <https://www.cellocheese.com/cheeses>



Cello Copper Kettle Chisels

US, Jan 2019

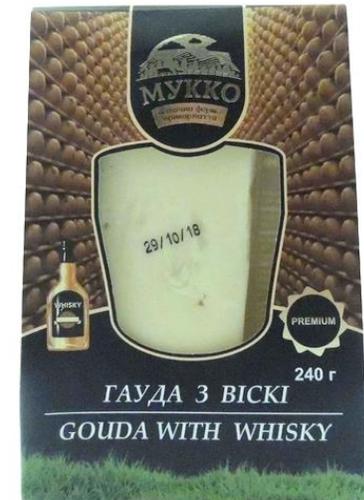
DESCRIPTION Copper Kettle Chisels - bite size pieces of Parmesan, **crafted in copper vats to create distinctive notes of cooked caramel.** With 9 grams of protein and only 110 calories per serving, Copper Kettle Chisels make the perfect health-conscious snack. Great any time of day.

Alcoholic flavors to satisfy consumer demand for novelty in dairy products

SWEET



SAVORY



Coffee and tea provide a flavor twist in dairy products



Flor De Burgos **Coffee Quark**

Spain, Jan 2019



Mlekarna Kunin Termix Pistacie Maxi Z
Tvarohu A Smetany S Prichuti Kava: Cheese
And Cheese Dessert With **Coffee Flavor**

Slovakia, Jan 2019

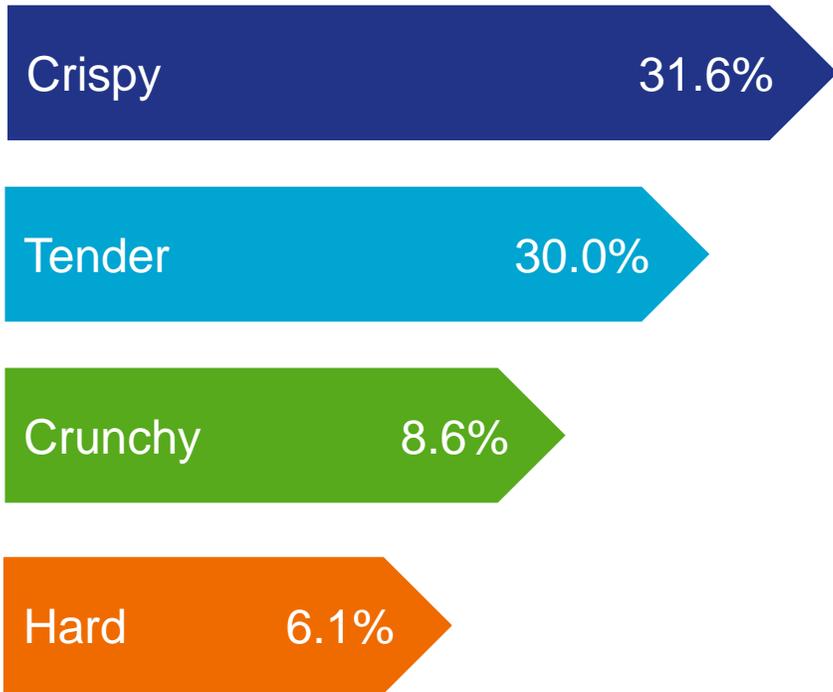


Andechser Natur Bio Lassi Premium Bio Jogurt
Drink Chai: Premium And Organic Yogurt Drink
With **Chai Flavor**

Belgium, Mar 2019

Highlight on cheese texture

Fastest growing textures tracked in new cheese launches
(Global, CAGR 2014-2018)



Granarolo Oven Baked Cheese Snack With Pizza Flavor

United Kingdom, Apr 2019

DESCRIPTION **Crispy bite** made of mature hard cheese with pizza flavor, in a 24g plastic pouch. Use for snacking, in salads or in soups.



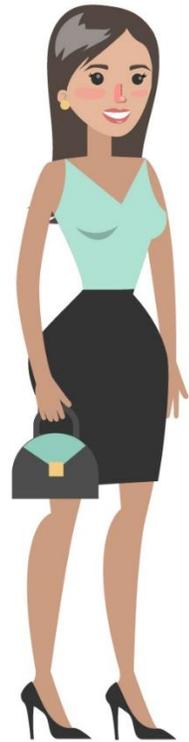
Caminos Del Tormes Queso Vaca En Lonchas: Cow's Milk Cheese Slices

Spain, Feb 2019

DESCRIPTION **Tender cow's milk cheese** slices in an easy-to-open plastic tray.

Emotional comfort: natural and guilt-free indulgence to calm the nerves

CONSUMERS SEARCH FOR A FEELING OF COMFORT



"The feeling of comfort is important to me when consuming food & beverages"



41%

UK



40%

US

Source: Innova Trends Survey (2018)

PROVIDING NATURAL & GUILT-FREE INDULGENCE



YoothieRelax Yoghurt Smoothie Schwarze Johannisbeere: Yogurt Smoothie With Blackcurrant Flavor

Austria, Jan 2019

CLAIMS **100% natural and contains no added flavors, preservatives, colorings or additives.** Contains only 6.5% added cane sugar to round off the taste.



Snack attack: innovation focused on snacking occasions

"Snacking is becoming a central focus of innovation across all food and beverage categories from dairy to spreads."

+15%

...average annual growth of dairy launches tracked with a **snacking claim** (Global, CAGR 2014-2018)

*Snacking claims include: snack, snacking



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Increase in on-the-go dairy products options to provide extra convenience



Fridge Raiders Combos Sea Salt And Pepper Cheese Bites And Savory Nut Mix

United Kingdom, Apr 2019

CLAIMS Powered by protein. High in protein (10g protein). Contains 163 calories. **On the go snack.**



Danissimo Shake And Go Yogurt Drink With Lime And Mint Sorbet Flavor

Russia, Mar 2019

DESCRIPTION ...A thick and nutritious yogurt smoothie that is perfect for a tasty snack. Thanks to the **convenient packaging** with a straw, you can enjoy a yogurt cocktail even **on the go**...



Arla Protein Yogurt: Strawberry

Spain, Feb 2019

CLAIMS Contains 20g protein per pouch. **On-the-go.**



Philadelphia Snack Light And Tasty Soft Cheese Dip And Breadsticks

United Kingdom, Feb 2019

CLAIMS ...Recyclable trays. Suitable for vegetarians. Made with no artificial colors, flavors and preservatives. **Perfect on-the-go snack.** Made with pasteurized milk.

Key learnings & What's next?



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Key learnings & What's next ?

Convenience is key

According to Innova Consumer Lifestyle And Attitudes Survey (2018), 63% of Millennials are replacing meals with snacks because they are busy. The busy consumer demands more convenient products. Dairy snacks, on-the-go options and easy-to-open products fit this lifestyle. Traditional products need to adapt their formats to satisfy consumer demand for convenience.

Targeting the adventurous consumer

Consumers are moving out of their comfort zones to explore bolder flavors. There are opportunities for traditional products to add an element of the unexpected through the adoption of new flavors, premium processing and exclusive elements that create differentiation in the market.

Ethical positioning is paramount

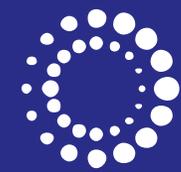
Animal welfare, lower environmental impact, social responsibility and sustainable packaging are not a niche anymore, these practices are increasingly demanded by the consumer that looks for transparency about the product and its production system. In this context, ethical claims are paramount in traditional dairy products to communicate manufacturer's values and practices.

Finding the balance between indulgence and health

Traditional dairy innovation is getting "lighter" in terms of fat, sugar and salt content. Protein claims are going mainstream and probiotics are growing. Health claims are increasingly paired with indulgent claims, in a balance between pleasure and health thus providing peace of mind for the consumer.



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