



Novozymes Market Survey

# Reducing and discontinuing milk and dairy products

October 2018

# Background and introduction

Brazil is among the world's top five consumer markets for milk and dairy products. However, milk and dairy product consumption has fallen in recent years.

Market surveys and recent data also show a potential discontinuation or significant reduction in milk consumption by young adults. But the real reasons for discontinuing or reducing consumption are not fully known.

The primary purpose of this survey is to understand the main causes of reduced milk consumption and the actions that can be taken so that people resume its consumption. Secondly, we want to understand how reduced milk consumption affects the dairy market in general.

# Data collection

We performed a quantitative market survey with 800 respondents in all Brazilian states, by stratified sampling. We used MindMiners digital market intelligence platform. The sample was divided in two respondent groups.

The first group included people who discontinued traditional milk consumption. The second group included people who significantly reduced traditional milk consumption. Our analysis showed that 87.5% of the respondents have good educational background and that 95.3% are between 18 and 40 years old. The questionnaire had 17 questions and used Likert scale.

# Findings

For Group 1 consumers, those who discontinued milk consumption, over 40% said lactose intolerance was somehow relevant to their decision. Also, a significant number of those consumers do not like the taste of milk.

Surprisingly, almost half of the respondents do not see any nutritional benefits in milk and 63% still believe milk is not good for them. 45% of these consumers also consider cow well-being a relevant decision-making factor when it comes to discontinuing milk consumption.

It is interesting to note that these consumers can be influenced and they said they would resume milk consumption if they knew animals would not suffer cruelty, if the taste were better, if milk had new nutritional benefits, and if physicians and dietitians recommended its consumption. It is also worth noting that cheese was the main food introduced into the diet as a replacement for milk.

For Group 2 consumers, those who significantly reduced milk consumption, besides cheese, other dairy products were introduced into their diets, such as yogurts and lactose-free products. These consumers also regularly eat desserts, ice creams and milk-caramel spreads.

When we look into the main reasons for reduced consumption, 60% of the people said they do not digest traditional milk very well. They also pointed out physician and dietitian recommendations as a relevant factor, in addition to the taste of milk. Curiously, only 37% replaced milk with non-dairy milk options.

When asked about the factors that could influence them to increase milk consumption, group 2 consumers said that: Milk rich in protein or fiber would influence more than 60% of the respondents to increase consumption. Flavored, sugar-free milk would also exert the same influence. Milk supplied in smaller cartons or bottles would positively affect consumption for 54% of the respondents.

Surprisingly, milk causing less gastric discomfort would increase consumption for 67% of consumers. Also, again, physicians and dietitians are great influencers for this category of consumers with reduced milk consumption.

For other dairy products, such as cheese, the factors that would lead to increased consumption include: more attractive display and greater availability in the point of sale; delivery services; additional nutritional benefits, such as fiber, protein, calcium, vitamins and/or minerals; additive free; and availability of smaller portions, like snack portions.

For yogurts, factors that would lead to increased consumption are basically the same as for cheese, in addition to the availability of a product that would be stable at room temperature (or a UHT product) and reduced sugar versions.

Also, habits and preferences for lactose-free products were also surveyed among Group 2 consumers, those who reduced milk consumption, and the following factors were considered potential drivers to increased consumption:

- More attractive display and easily available in the point of sale
- Home delivery services
- Prices more similar to that of traditional dairy products for more than 90% of them
- Additional nutritional benefits, such as fibers, proteins, calcium, vitamins and/or minerals

Additionally, we investigated which factors most influence this group of lactose-free product consumers to choose their brands and we found that:

- Trust in a lactose-free product is crucial, and half of these consumers would even double consumption if they were sure they could trust the product
- Most of them are price sensitive;
- They would also increase consumption of their brand of choice if it offered product versions rich in protein, skim, rich in fiber and with different flavors

# Conclusion

The market survey indicates that the industry can recover consumers who discontinued milk consumption especially by offering greater availability of lactose-free products, creating milk options with different flavors for adult consumers, more effectively communicating the nutritional benefits of milk, and also reassuring consumers about animal well-being.

For those consumers who reduced milk consumption, we have also identified unique opportunities to recover lost volumes, especially in other categories such as cheese, yogurts and lactose-free products. Consumers are seeking additional nutritional benefits in these products, in addition to more buying convenience (like home delivery services) and portion size (like snack portions).

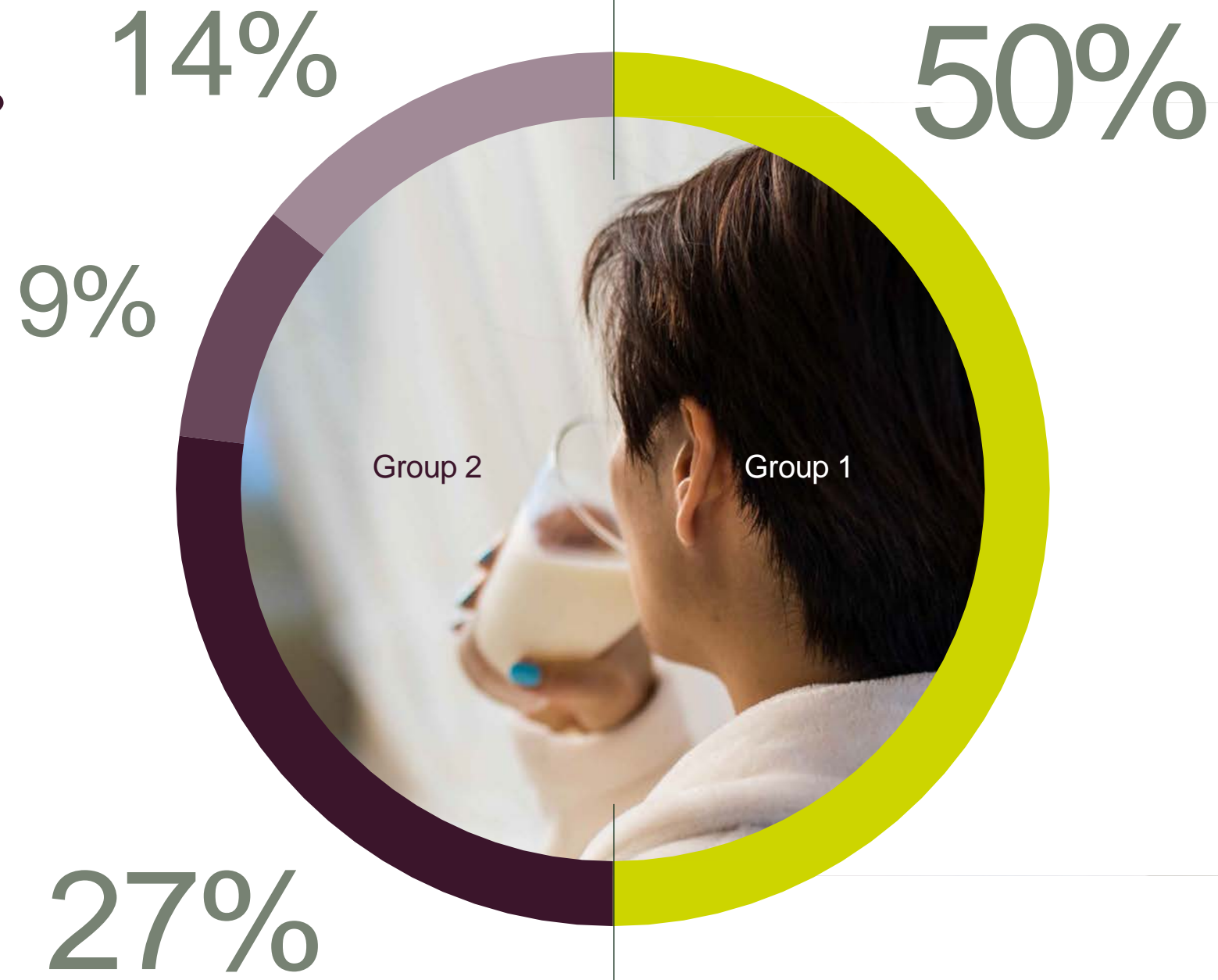
Physicians and dietitians are important stakeholders in consumer decision making and choice. Non-dairy milk options aren't a relevant threat yet.

Lactose-free products can get penetration if consumers really trust the brand, if prices are similar to that of traditional products, and if products offer new nutritional benefits, in addition to new flavors.



How often do you drink milk?

- Never
- Twice a month
- Three times a month
- Once a week

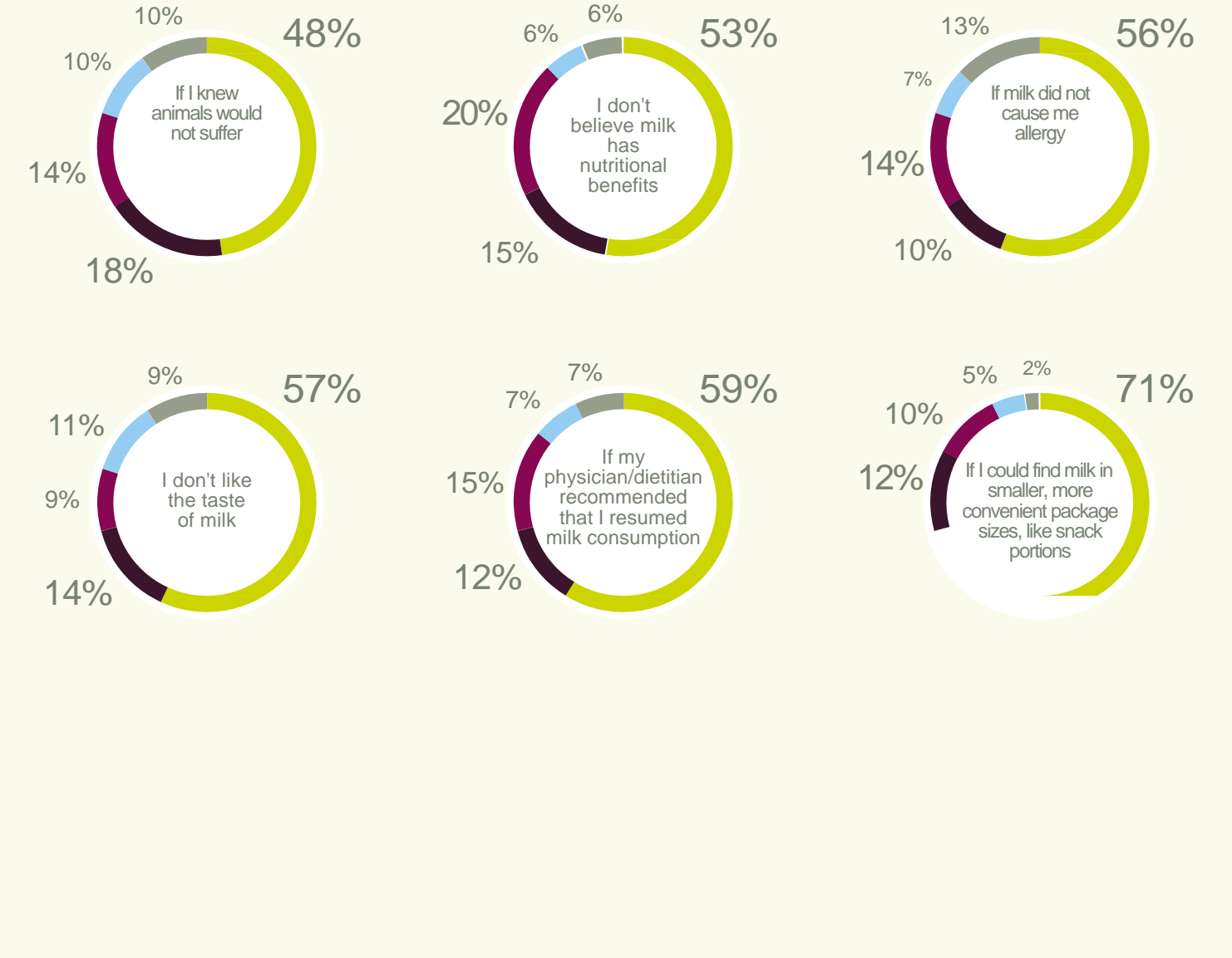


## How relevant were the factors below in your decision to stop drinking milk?



- Not relevant at all
- Slightly relevant
- Relevant
- Very relevant
- Extremely relevant

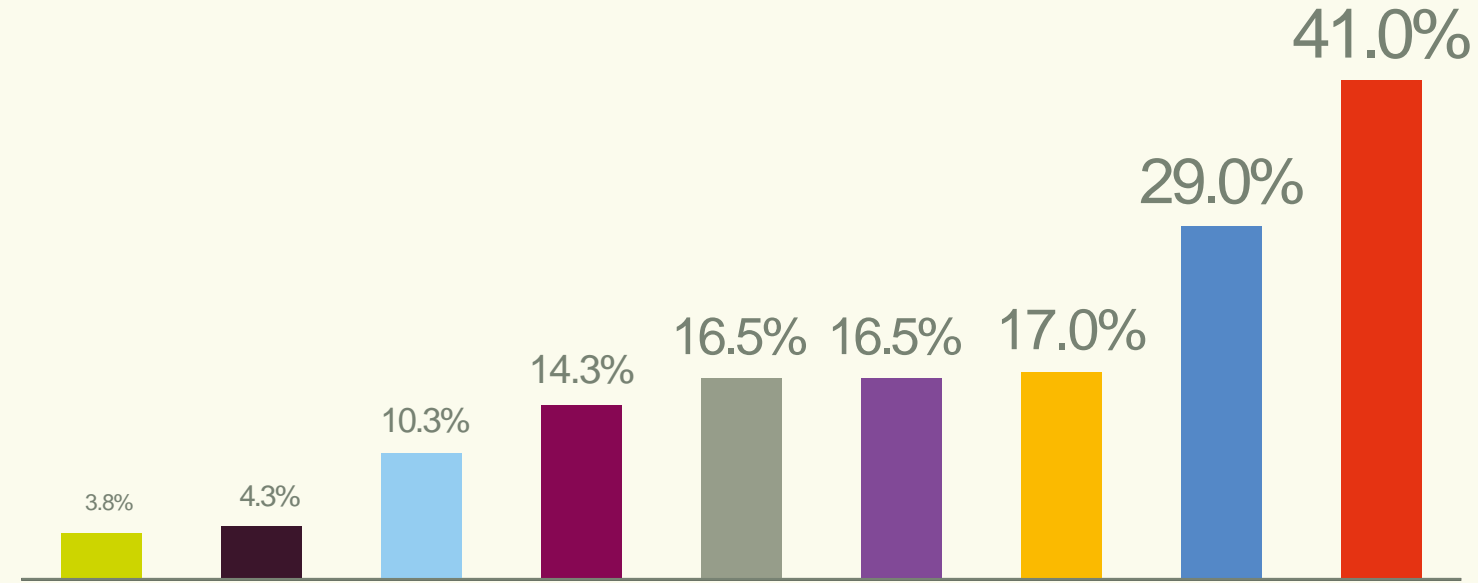
## How much would the factors below influence you to resume milk consumption?



- It would not influence me at all
- It would slightly influence me
- It would influence me
- It would heavily influence me
- It would make me resume milk consumption

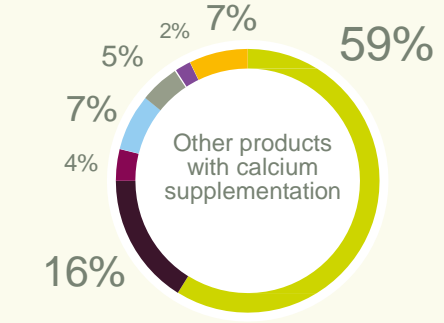
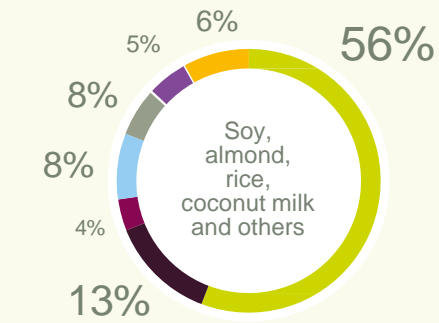
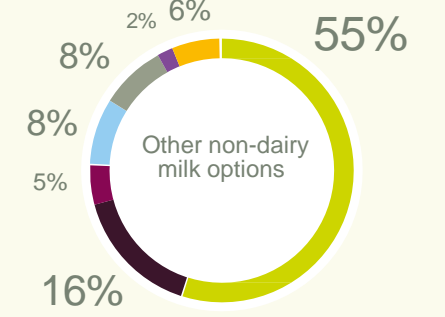
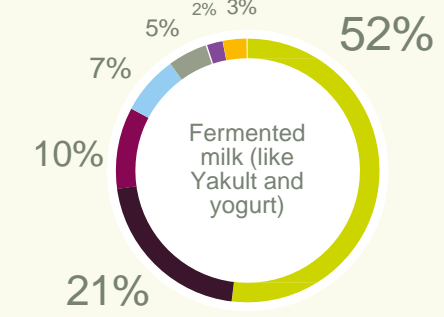
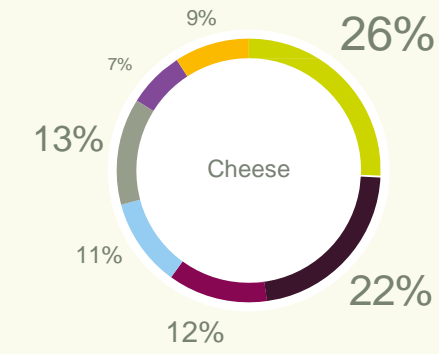
## Which food did you introduce into your diet as a replacement for milk?

More than one option allowed



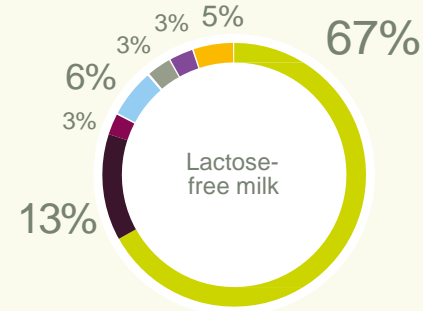
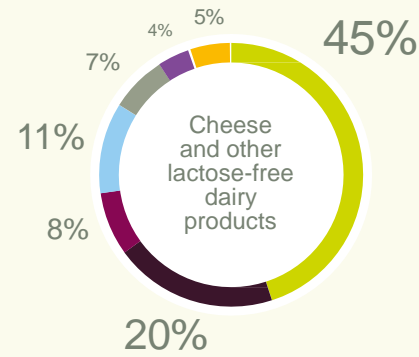
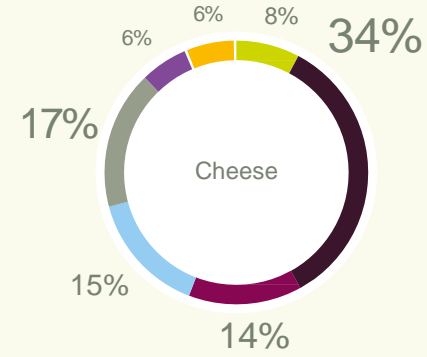
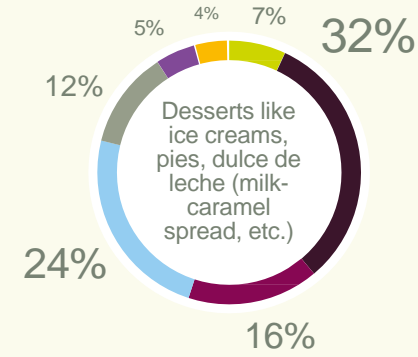
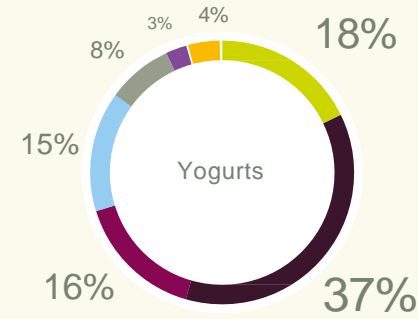
- Nothing, I take calcium supplementation
- Other
- Rice milk
- Almond milk
- Soy milk
- Other non-dairy milk options
- Fermented milk (like Yakult and yogurt)
- Cheese
- I did not introduce anything new into my diet, I only stopped consuming milk

## How often do you consume the following foods?



- Never
- Twice a month
- Three times a month
- Once a week
- From two to three times a week
- From four to five times a week
- Every day

How often do you consume the following products in addition to occasionally drinking milk?

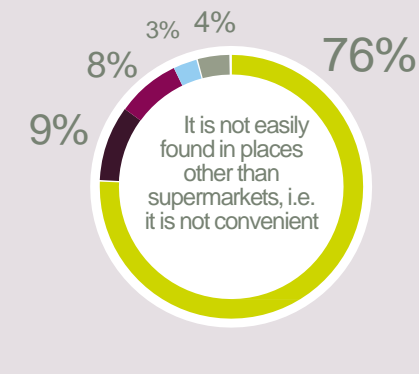
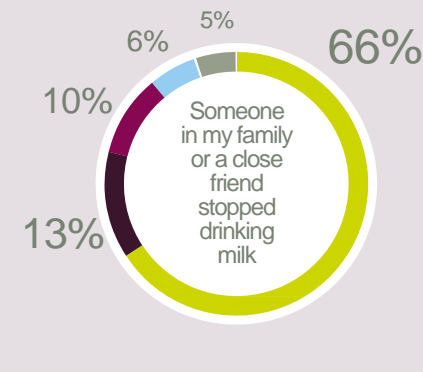
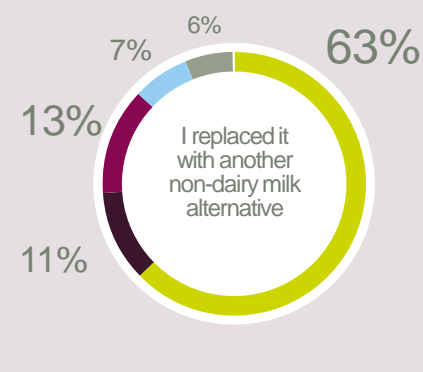
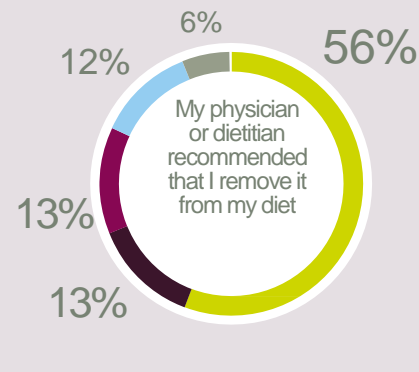
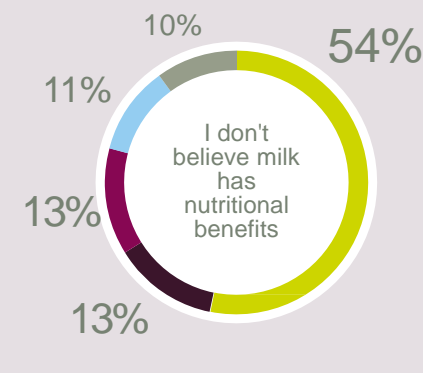
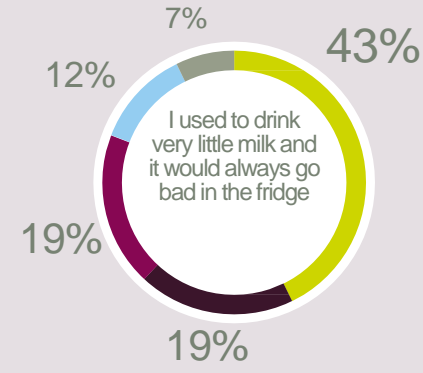
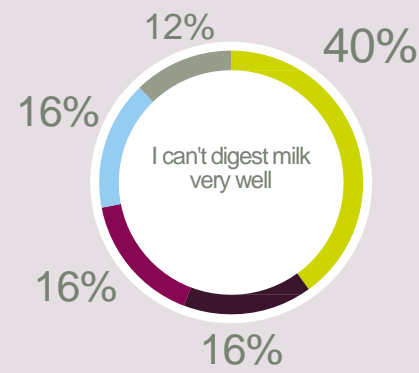


- Never
- Twice a month
- Three times a month
- Once a week
- From two to three times a week
- From four to five times a week
- Every day



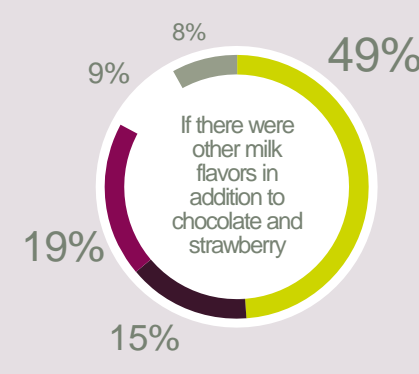
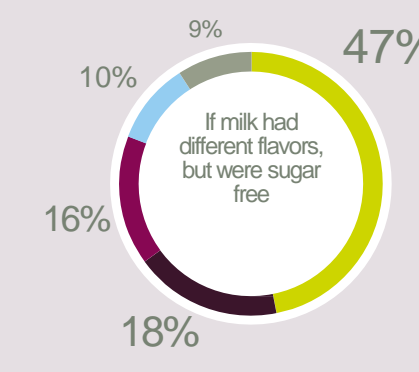
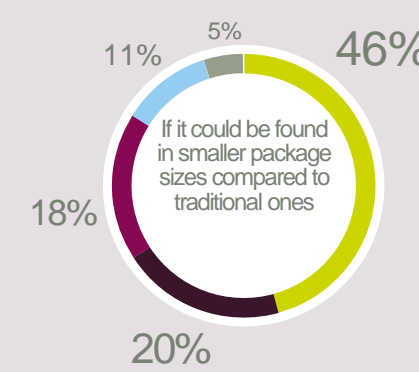
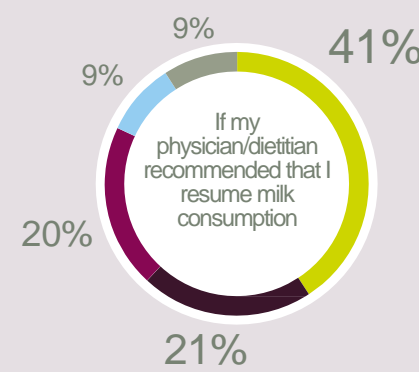
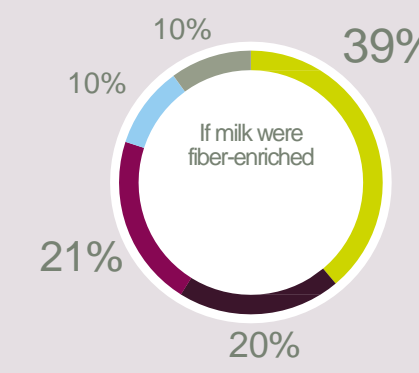
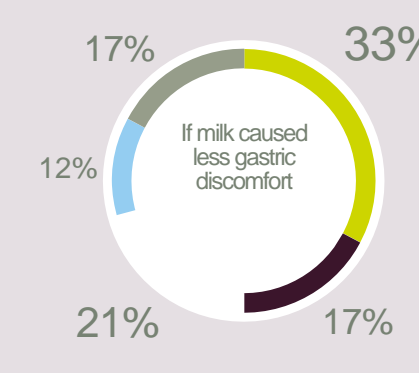
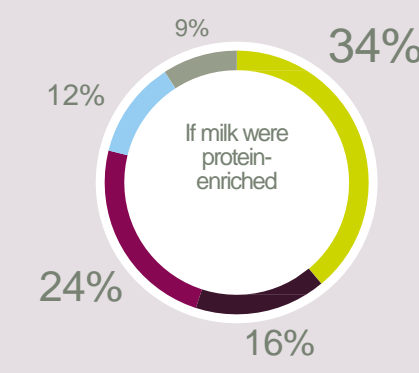
Group 2

## How much the factors below influenced you to reduce milk consumption?



- Did not influence me at all
- Slightly influenced me
- Influenced me
- Heavily influenced me
- Extremely influenced me

## How much would the characteristics below influence you to consume more milk?

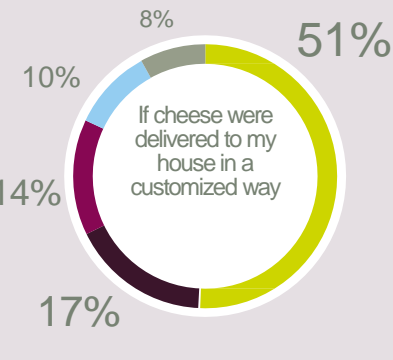
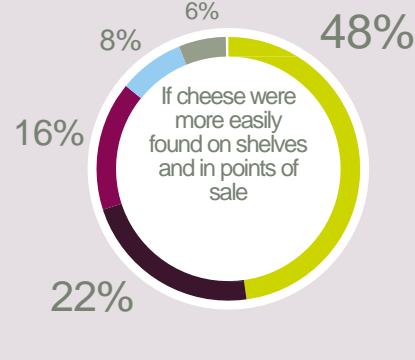
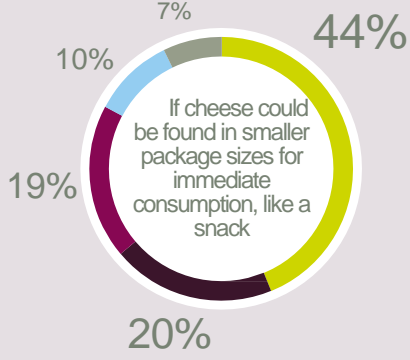
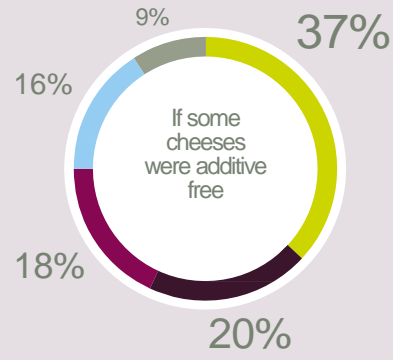
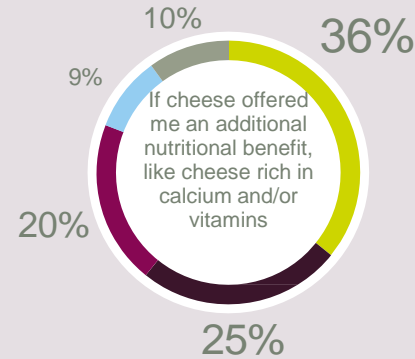
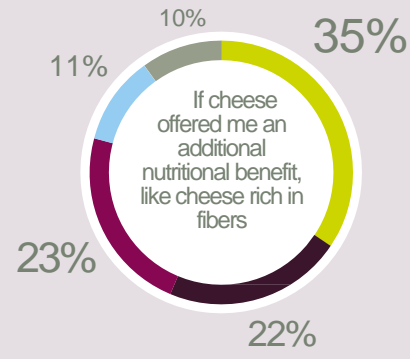
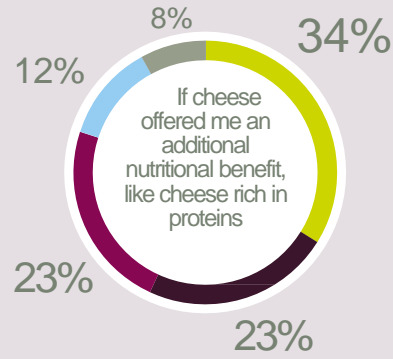


- It would not influence me at all
- It would slightly influence me
- It would influence me
- It would heavily influence me
- It would extremely influence me

# How much your cheese consumption would increase taking the factors below into consideration?

The average monthly consumption is 450g per person (approximately 15 slices)

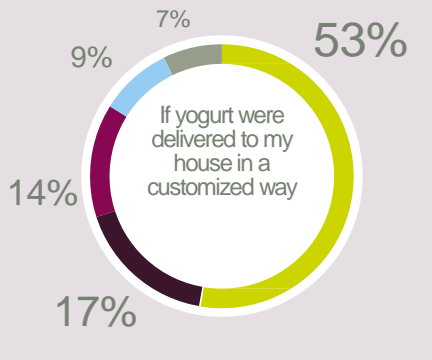
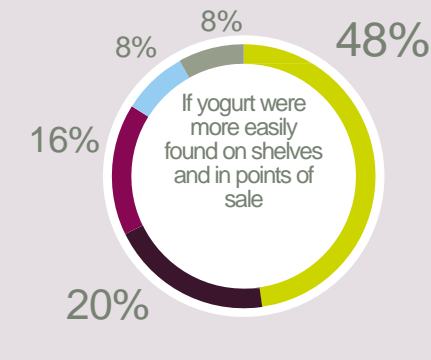
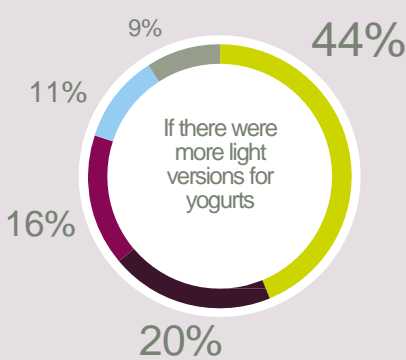
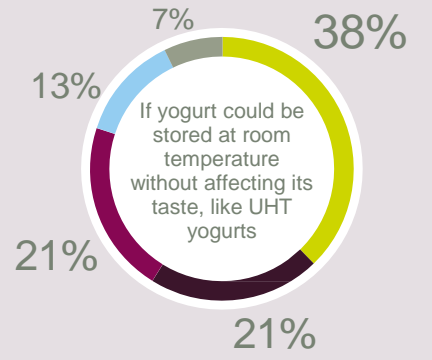
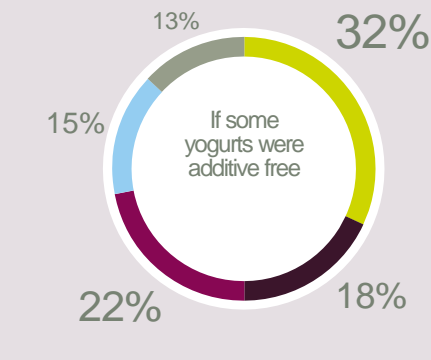
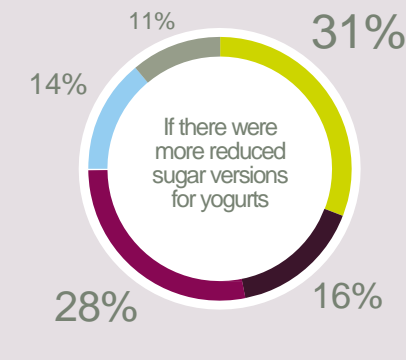
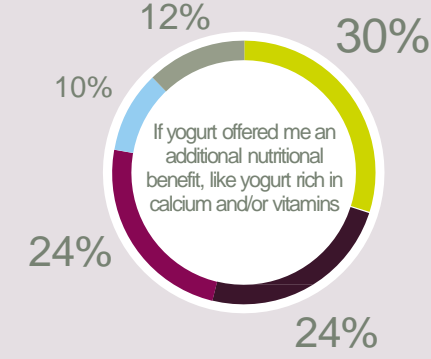
- It would not increase at all
- It would slightly increase
- It would increase
- It would greatly increase
- It would double my consumption



# How much your yogurt consumption would increase taking the factors below into consideration?

The average monthly consumption is 475g per person (4 small bottles)

- It would not increase at all
- It would slightly increase
- It would increase
- It would greatly increase
- It would double my consumption





Do you consume lactose-free products?



34%

66%

■ Yes  
■ No

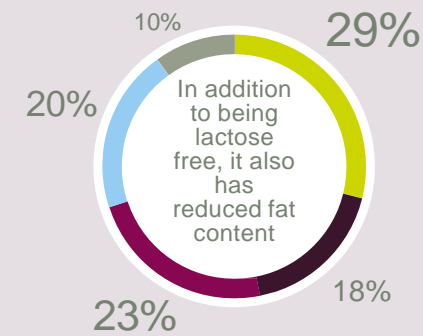
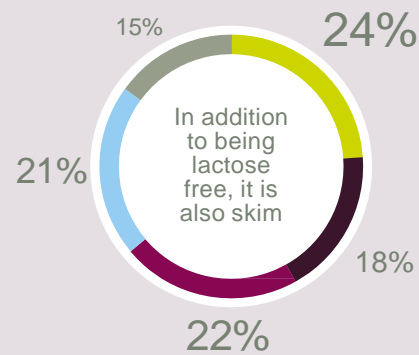
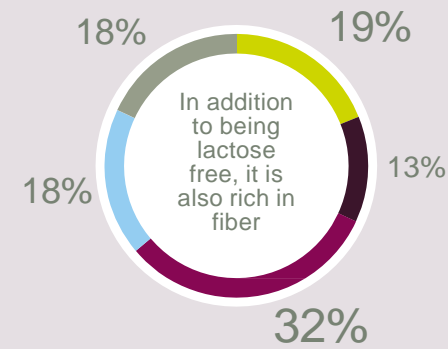
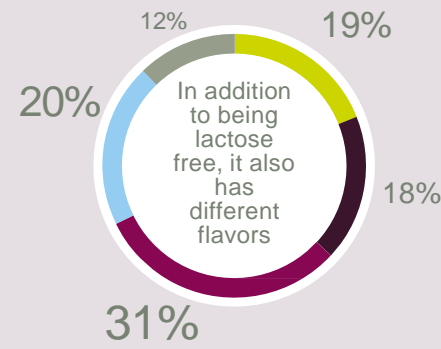
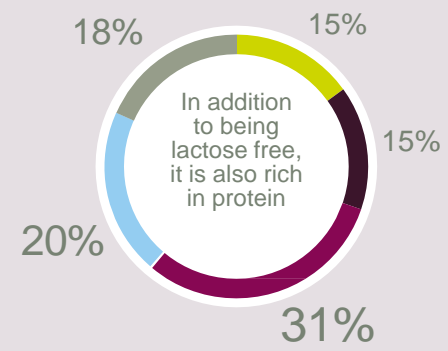
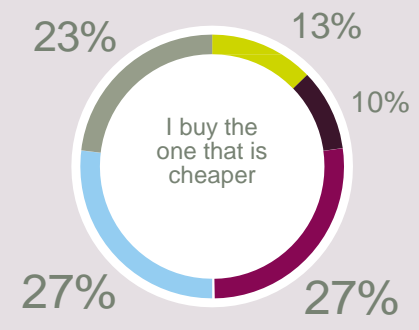
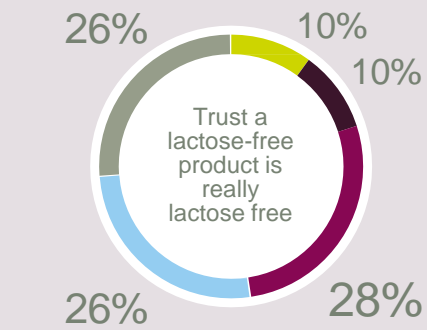
How much your lactose-free product consumption would increase taking the factors below into consideration?

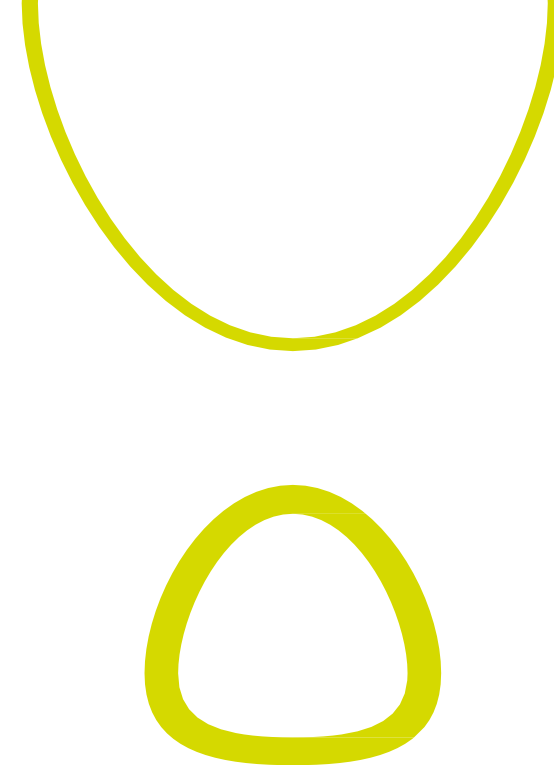
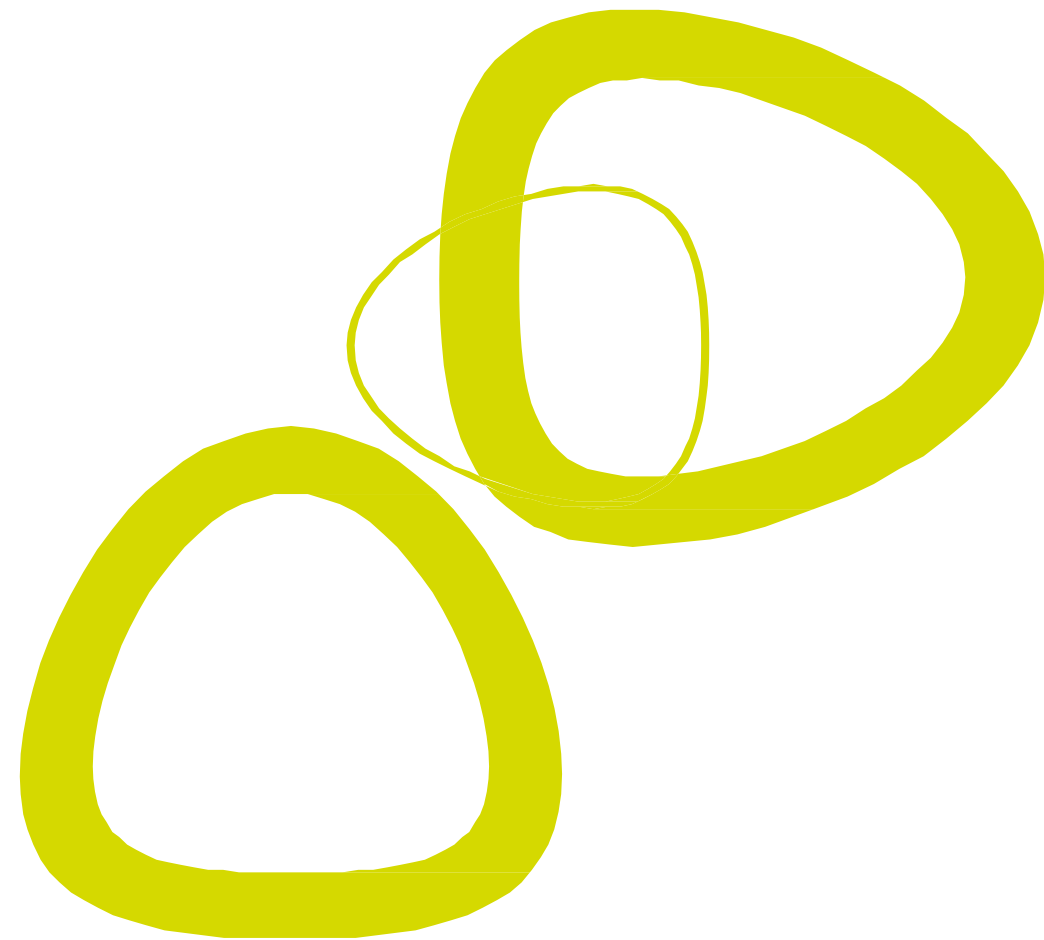


■ It would not increase at all  
■ It would slightly increase  
■ It would increase  
■ It would greatly increase  
■ It would double my consumption

# How much would the factors below influence you in choosing lactose-free products in your daily life?

- It would not influence me at all
- It would slightly influence me
- It would influence me
- It would heavily influence me
- It would double my consumption





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#### About Novozymes

Novozymes is a world leader in biological solutions. Together with customers, partners and the international community, we have improved industrial performance while protecting natural resources and we have helped build a better life. As the world's largest provider of microbial and enzyme technologies, our bio-innovation enables greater agricultural production, low-temperature washing, energetically-efficient production, renewable fuels, and several other benefits we have today and in the future. We call this Rethink Tomorrow.

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