Yogurt and Yogurt Drinks: Inc Impact of COVID-19 - UK - July 2020

Report Price: £2195 | $2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

This report looks at the following areas:

The heightened focus on health and specifically immune health brought about by the outbreak remains a key opportunity for the market.

Overview

39% of women aged 16-34 would be interested in yogurts/yogurt drinks with beauty-enhancing ingredients, and 27% of men of this age, providing evidence of the expansive scope for yogurt to build on its long-standing better-for-you associations to unlock new need-states.

The COVID-19 outbreak struck a blow to the market in 2020 as the lockdown saw spoonable yogurt hit by loss of lunchbox occasions and competition at breakfast and snack times, though strong health connotations boosted drinking yogurt. Volumes are anticipated to recover in the second half thanks to consumers' heightened health focus and return to schools and workplaces. While the spotlight on health will continue to boost sales in 2021, this uplift will lessen over 2022-25.

The income squeeze triggered by the outbreak will put brands under growing pressure to prove their value in the price-driven category, with 62% of buyers influenced by this. This rises to 71% among those with 'tight' finances, this group also eating yogurt less often. The typically pricier plant-based segment also stands to feel this scrutiny. However, learnings from 2008-10 show that a compelling proposition can justify a premium price.

Promisingly for the market, the COVID-19 outbreak has put immune health firmly in the spotlight, fuelling consumer interest in food and drink supporting this. Emphasising their live cultures offers a key means for brands to tap into this demand, as 67% of adults see yogurts/yogurt drinks with these as good for the immune system.

"The changes to consumers' habits and priorities brought about by the COVID-19 lockdown hit spoonable yogurt in spring 2020. The income squeeze triggered by the outbreak means challenging times ahead for brands, dialling up the need to prove their added value in the already highly price-led category."

– Alice Baker, Research Analyst

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Key issues covered in this Report

- **The impact of COVID-19 on the yogurt and yogurt drink markets.**
- **The outlook for the market in the forthcoming recession and the following years.**
- **The latest new product development (NPD) trends and key concepts of interest to consumers.**
- **Consumer behaviour and attitudes towards yogurt and yogurt drinks.**

COVID-19: Market context

The first COVID-19 cases were confirmed in the UK at the end of January, with a small number of cases in February. The government focused on the 'contain' stage of its strategy, with the country continuing to operate much as normal. As the case level rose, the government ordered the closure of non-essential stores on 20 March.

A wider lockdown requiring people to stay at home except for essential shopping, exercise and work 'if absolutely necessary' followed on 23 March. Initially, a three-week timeframe was put on the measures, which was extended in mid-April for another three weeks.

Some primary schools reopened for Reception, Year 1 and Year 6 pupils on 1 June, 2020. However, not all schools re-admitted pupils, particularly in areas hardest hit by the pandemic, and parents were given the option not to send children to school if they were uncomfortable about doing so. Pupils in all year groups are not expected to be back in school until September.

The Health Protections Regulations 2020 came into effect on 15 June, allowing the reopening of all non-essential stores in England as well as the mandatory use of face coverings on public transport. Pubs, restaurants, hotels and hairdressers were able to reopen on 4 July, with many beauty businesses following on 13 July. From 24 July, it became mandatory to wear face coverings in shops and supermarkets.

Economic and other assumptions

Mintel's economic assumptions are based on the Office for Budget Responsibility's central scenario included in its July 2020 Fiscal Sustainability Report. The scenario suggests that UK gross domestic product (GDP) could fall by 12.4% in 2020, recovering by 8.7% in 2021, and that unemployment will reach 11.9% by the end of 2020, falling to 8.8% by the end of 2021.

The current uncertainty means that there is wide variation on the range of forecasts however, and this is reflected in the OBR's own scenarios. In its upside scenario, economic activity returns to pre-COVID-19 levels by Q1 2021. Its more negative scenario, by contrast, would mean that GDP doesn't recover until Q3 2024.

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

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We are working on the assumption that a vaccine will be available by mid-2021, but that there will be continued disruption to both domestic and global markets for some time after that.

Products covered in this Report

This Report examines the UK retail market for yogurts and yogurt drinks. Sales through foodservice establishments are excluded.

Mintel's definition of yogurt includes spoonable yogurt, fromage frais and yogurt drinks. Functional fermented milk drinks such as Yakult are included in the Report since cultures similar to those contained therein feature in products positioned as yogurt. The market size includes quark as it is a fermented dairy product, however its share of the market is small.

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Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

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- 2008-10 recession shows the potential of added value
- Large players are better placed to weather disruption from COVID-19
- Brands drive relevance with digital marketing

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