THE DAIRY DILEMMA

HOW TO NAVIGATE THE CATEGORY CROSSROADS FOR GROWTH

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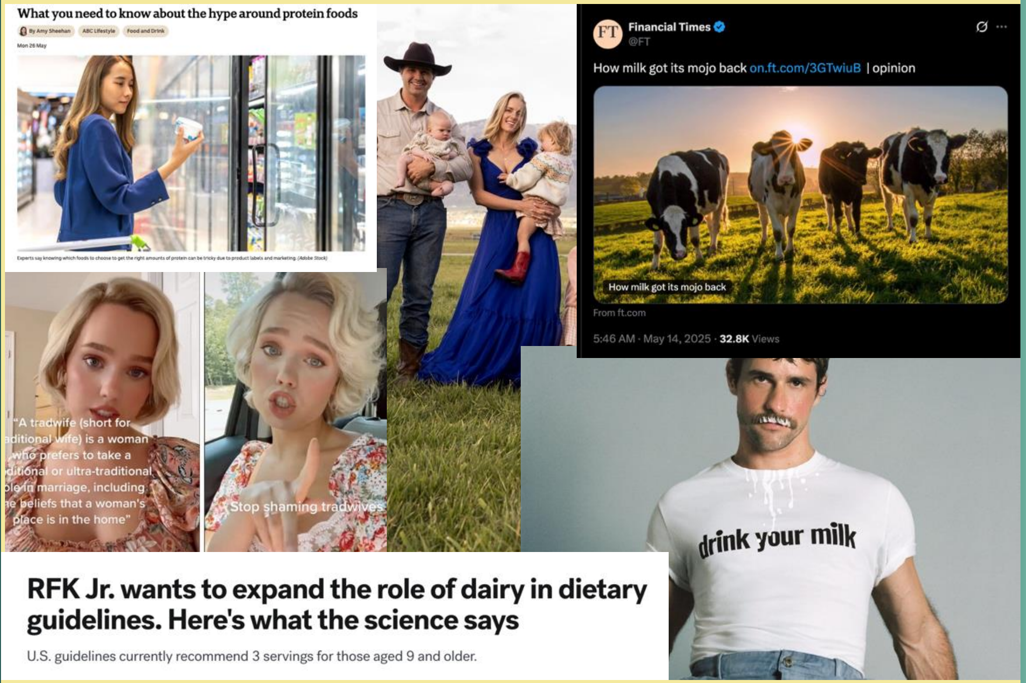
THE NUMBERS ARE IN AND **DAIRY** IS BACK WITH A **VENGEANCE**

FORESEEN BY DIVERSE CULTURAL SIGNALS



From 'tradwives' and RFK to Loewe and the LGBTQ community, dairy is enjoying a renaissance in popular culture…

DAIRY DEMONSTRATES ROBUST GROWTH

+11% — Growth per capita in global demand for fresh dairy by 2033

+21% — Growth in value of the FAO Dairy Price Index [YoY July '25, vs '24]

+4.2 % — Annual growth in European milk market [CAGR '25 -'30]

… And the global and European market is showing significant signs of growth, bucking the trend on the slowdown of COVID years.

(Sources: AHDB, FAO, Statista, 2025)

ALT-MILKS ARE **STRUGGLING** AND **DE-LISTING** DOMINATES THE DISCOURSE

DISCONTINUED IN 2023

ADMINISTRATION IN 2025

DISCONTINUED IN 2023

The plant-based narrative is under strain. Driven by the rising cost of living, a need for comfort in times of global crises and UPF-scrutiny, the preference-pendulum is swinging back to animal-based products.

IN DAIRY'S COMEBACK, THE FUTURE LOOKS UNCERTAIN FOR SOME PLANT-BASED BRANDS

YET, LEGACY DAIRY BRANDS FACE A **WAR FOR RELEVANCE** ON MULTIPLE BATTLEFRONTS

AND VICTORY IS TOUGHER THAN EVER

POLARISING NARRATIVES

Fragmented, marketing-led conversations over consumer preferences are pulling the market apart

ONE-DIMENSIONAL NARRATIVES

PLANT-BASED VS. DAIRY
HEALTH VS. INDULGENCE
TRADITION VS. PROGRESSION
PRODUCT VS. BENEFIT

CONFLICTING PREFERENCES

Younger generations of consumers are making radically different choices, demanding function but buying emotion

90% OF CONSUMERS AGED 18-24
are more likely to buy a product if it explicitly calls out a health benefit, but Gen Z are known for only engaging with brands they feel authentically connected to

THE SQUEEZED MIDDLE

Premium challengers and value private labels are stealing share at pace, squeezing brands from the bottom-up and the top-down

OWN LABEL NOW COMMANDS A
39% MARKET SHARE
across Europe, driven by chilled and fresh foods

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*SOURCE: FOOD MANUFACTURE, 2024/2025

WHILE NAVIGATING A **FRAGMENTED** EUROPEAN MARKET

Dairy in Europe represents a patchwork of attitudinal, cultural and functional meaning.

NORDICS

Integral to national identity, with high trust in co-ops and strong gut health positioning.

UNITED KINGDOM

Functional, commodified, and under siege from diet culture. Dairy is both daily ritual and public enemy No.1.

GERMANY & NETHERLANDS

Functional leadership; protein-led, quality-regulated, and often science-forward.

EASTERN EUROPE

Rooted in everyday nutrition. Traditional formats hold strong, even as new narratives emerge.

FRANCE & ITALY

Dairy equals indulgence and tradition; where cheese is sacred and change is slow.

THE INDUSTRY IS STILL LOCKED IN CONFLICT BETWEEN **HERITAGE VS. REINVENTION**...

HERITAGE

Steeped in legacy and meaning, milk, cheese, and yoghurt are tied to food culture and the history of many countries, which paints a picture of wholesome green fields and small batch goodness. This nostalgic image sits uncomfortably with new realities.

REINVENTION

By contrast, significant pressures from climate change, plant-based, shifting eating habits, such as changes in breakfast preferences and the evolving values of Gen Z have opened the door to new products and brands that are functional, modern and disruptive.

A NEW GENERATION OF DAIRY CONSUMERS ARE **REWRITING THE RULES** OF ENGAGEMENT

Younger consumers are buying more and more dairy, recognising its benefits such as protein and gut health.

BUT HERE'S THE UNLOCK:

FUNCTION IS A TABLE STAKE- STORYTELLING IS THE WINNER.

Lifestyle and cultural cues are the cherry on top of format and formulation.

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IN THE SCRAMBLE TO STAY RELEVANT, THE CATEGORY HAS BECOME **CONFUSING**

Dairy is **one of the oldest, most familiar categories in food retail**. Yet today it's often judged and miscategorised.

NUTRITIONAL CONFUSION

Over 40% of consumers in the UK say they're "confused" about what constitutes healthy dairy vs. unhealthy dairy*

SUSTAINABLE MISCONCEPTIONS

Dairy is often painted with a broad environmental brush, seen as inherently harmful due to methane emissions and land use.

*SOURCE: MINTEL, 2024

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CHALLENGERS HAVE **RESPONDED WITH CLARITY** TO STEAL SHARE AT PACE

COMBINING POWERFUL PROPOSITIONS WITH CULTURAL RESONANCE, THEY ARE:

Aligning with cultural shifts around health and recognising the need for indulgence

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Telling compelling stories about their product and founder

Innovating faster with radically shortened time to market

Marketing smarter, with DTC and digital superiority

Reflecting consumer values with narratives around small-batch and clean label

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Bio&Me

Bio&Me champions their founder-led story, whilst launching their kefir product in only a few months

The Collective

The Collective launched a clean label, functional adult pouch lineup with clear wellness positioning in summer 2024

Biotiful gut health

Biotiful's drive to upgrade breakfast from milk to functional kefir has resulted in their UK market leader status

THE WINNERS ARE REALISING CONSUMERS NOW **SHOP NEED-FIRST**, PRODUCT SECOND

The traditional segmentation of **milk, cheese and yoghurt** no longer reflects how people consume.
We're seeing categories reorganised around:

OCCASIONS

On-The-Go, Post-Workout, Family Mealtime

FUNCTIONALITY

Immunity, Gut Health, Protein

NEED STATE

Comfort, Indulgence, Health

FORMAT

Drinkable Yoghurt, Spreadable Cheese, Pots of Quark & more

AND CONSUMERS PURCHASE FLUIDLY ACROSS THESE DIMENSIONS

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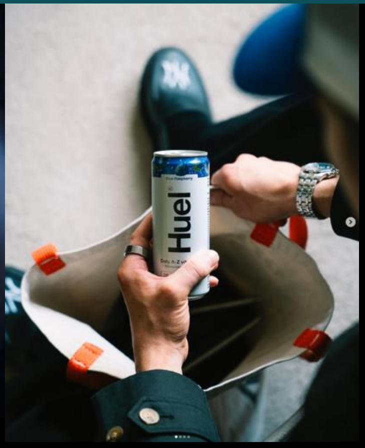
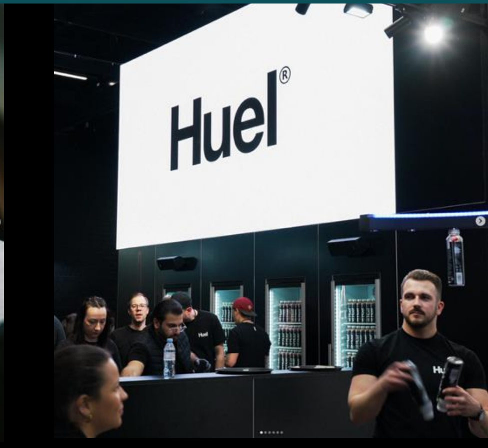
BRAND OWNERS MUST BUILD **PLATFORMS NOT PRODUCTS** TO SUCCEED IN THE MODERN DAIRY LANDSCAPE

IT'S A MINDSET SHIFT FROM SKU'S TO SOLUTIONS.

We're seeing this across the most successful high-growth challenger brands. Innovation isn't just about new products and brands - it's about meeting people where they are, getting to the root of real needs to be useful and relevant, and CPG players must go on this journey.



THE DAIRY DILEMMA IS A **CREATIVE BRIEF**, NOT A BATTLE

The brands that will stand out are not those that focus on one thing or the other - heritage vs. reinvention or plant vs. animal.

In this landscape, the best-performing dairy brands will balance more of what consumers are really looking for: **affordability and aspiration, pragmatism and purpose**.

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BRANDS THAT **EMBRACE THE TENSIONS & REALITIES** OF HOW CONSUMERS ARE EXPERIENCING DAIRY WILL LEAD THE WAY

PRINCIPLES FOR SUCCESS:

Relinquish the category hats – Think consumer need and culture shift first, not product first.

Balance functional benefits with the power of **storytelling** and **emotion**.

White Space innovation will come from understanding the **unmet needs** of overlooked consumers and learning from adjacent categories

Leadership comes from category expansion - Consider how to grow the category rather than battling with competitors at the shelf

Don't play down hidden assets like heritage & origin – These attributes are still important

For acquiring brands – Look to brands that are innovating with new expertise in dairy, building **new communities** or **disrupting** with **problem-solving formats**

A BIT ABOUT HAINES...

OUR MISSION

HELP DAIRY COMPANIES EMBED A CHALLENGER MINDSET TO ACCELERATE GROWTH BY THINKING CULTURE AND CONSUMER FIRST.

Partnerships in dairy and further afield:

PEPSICO

Arla

CARLSBERG BRITVIC

Mondelēz International

STARBUCKS

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WHAT DO WE DO?

BRAND

Culturally relevant, creatively distinctive positionings that generate consumer desire and buyability across portfolios

INNOVATION

'Future of' Strategy & Pipeline planning with creative concepts that generate growth for the now, next and beyond

HOW-TO-WIN

Strategic clarity and creative clout transforming challenges into a coherent plan of action with maximum impact

WANT TO WIN IN DAIRY?

LET'S TALK

We're helping legacy brands reclaim relevance, not just awareness. We know what modern dairy consumers care about and how to reach them.

If this sounds like your challenge, we should chat.

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