



Dairy Delivers

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Dairy Industry Association Victorian Conference
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Agenda

- 1 **Dairy Dynamics:**
Dairy's resilient performance against a challenging landscape
- 2 **Milking Opportunities:**
A closer look at the Dairy categories
- 3 **Growth Themes:**
Lessons from high performing Dairy brands



Dairy Dynamics

Dairy's resilient performance in a
challenging landscape



We are
**CAUTIOUSLY
OPTIMISTIC** for
the food & grocery
industry
in 2023



And
CONFIDENT that
DAIRY
will continue to
thrive in 2023



Broaden Your Audience

Dairy **+188K**
New Households



Increase Consumption

Dairy **+3.8M**
Units

How Categories Grow

Earn a Premium

Dairy **+\$0.46**
per Unit



Dairy out-performing
Total Supermarket

+12.7% Value Growth

+0.2% Unit Growth



Source: Circana Shopper Panel – Quarter to 26/03/2023

Balancing **Caution and Optimism**, we expect the **Grocery market** to continue to show **growth and resilience**.

HEADWINDS



Slowing Australian Economy

+2.7% GDP growth to Dec QTR
But forecast 1.6% 2023/24



Rapid Rate Rises

Record 10th consecutive hike
Further tightening needed



Consumer Confidence Crisis

86% - much lower than last year
Near Historic Lows

Migration Recovery

Sept QTR highest overseas intake
FY23 +900K prediction



Moderating Price Increases

CPI forecast 4.8% Dec 2023
Coles & Woolworths called out



Record Low Unemployment

Supports HH consumption
Ability to spend on necessities



TAILWINDS

Safety in Staples vs Discretionary Spending

Food (and Dairy in particular) are well-placed to **reclaim share of wallet**

Food out-pacing
Non-food

Value Growth

+9.9% vs +4.6%

Unit Growth

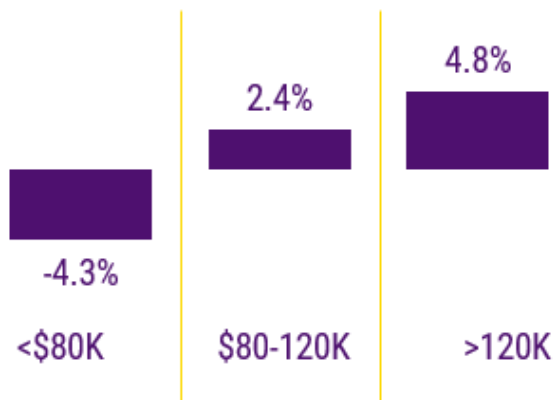
+0.7% vs -2.6%

Excluding Tobacco QTR to 26/3/23

Divergence between
“Haves and Have-nots”

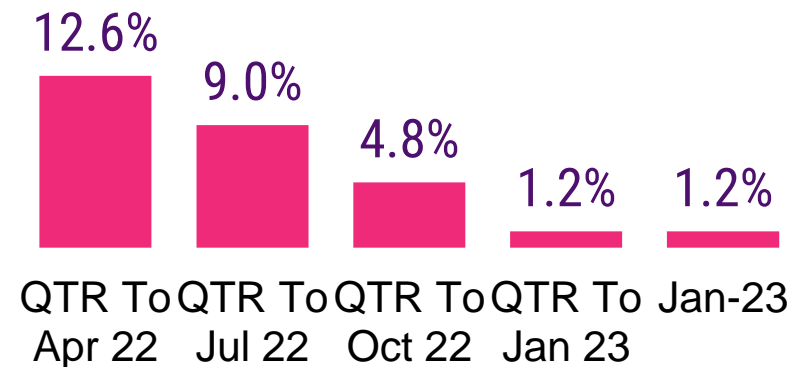
Units growth %

■ QTR vs. YA



“Trading In” vs Eating
Out

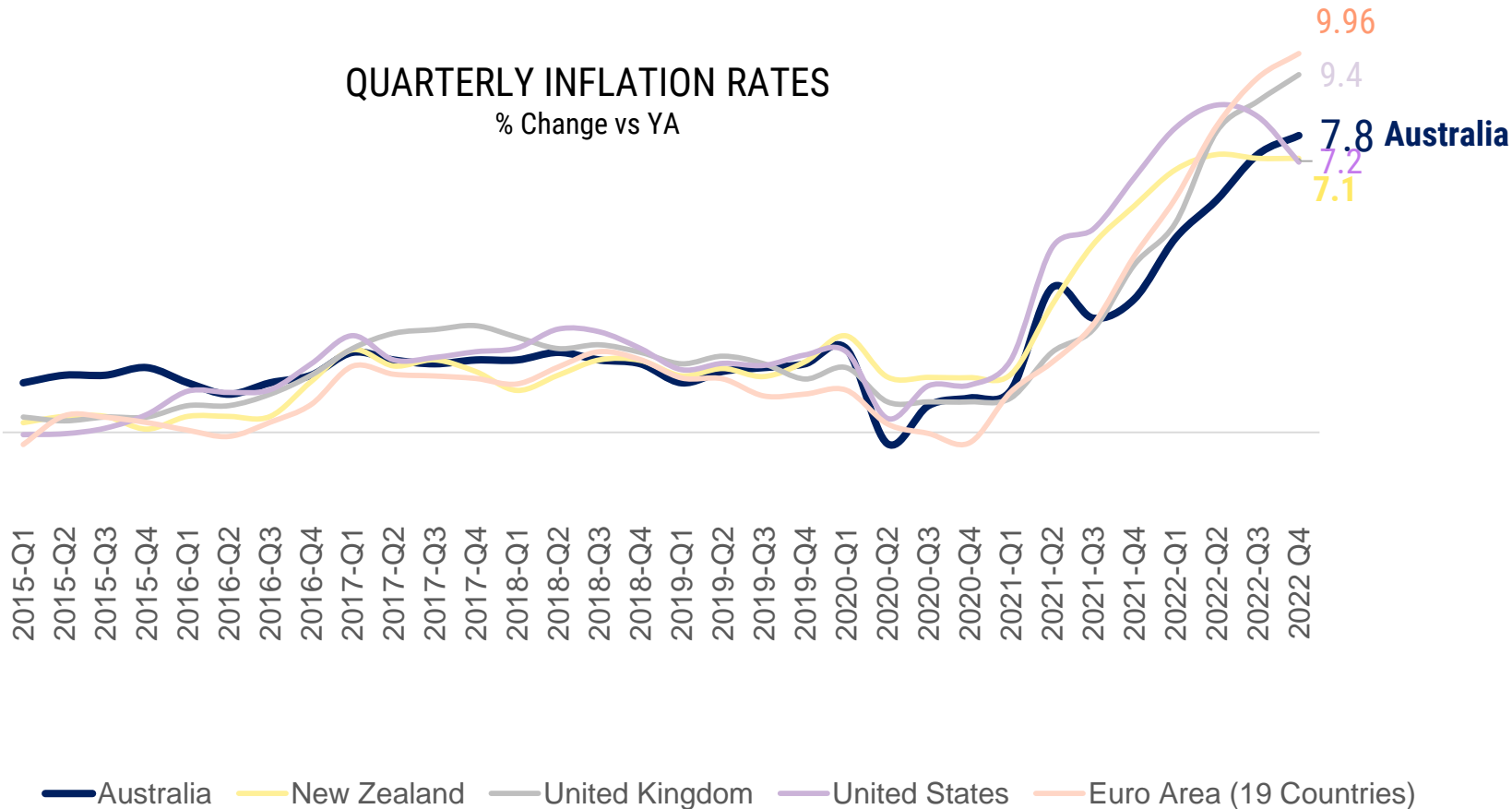
Cafes, restaurants & takeaway food services dollar sales growth vs. PP. by QTR



Inflation remains high in a historical context

Dairy price increases are outpacing rest of market in Grocery & Convenience

QUARTERLY INFLATION RATES
% Change vs YA



CONSUMER PRICE INDEX:

+7.8%
QTR Q4 22

EDIBLES PRICE INDEX:

+9.2%
QTR Q4 22

Grocery Channel Price/Unit Ch vs YA:

+8.3%
QTR 26/3/23

Grocery - Dairy Price/Unit Ch vs YA:

+12.5%
QTR 26/3/23

Convenience Price/Unit Ch vs YA:

+1.9%
QTR 29/1/23

Convenience - Dairy Price/Unit Ch vs YA:

+8.6%
QTR 29/1/23



Source: <https://data.oecd.org/price/inflation-cpi.htm>
Circana Shopper Panel to 26/3/23;; Circana Convenience Market Read to 29/1/23

So we can expect CPG manufacturers to remain in the 'rock & a hard place' scenario



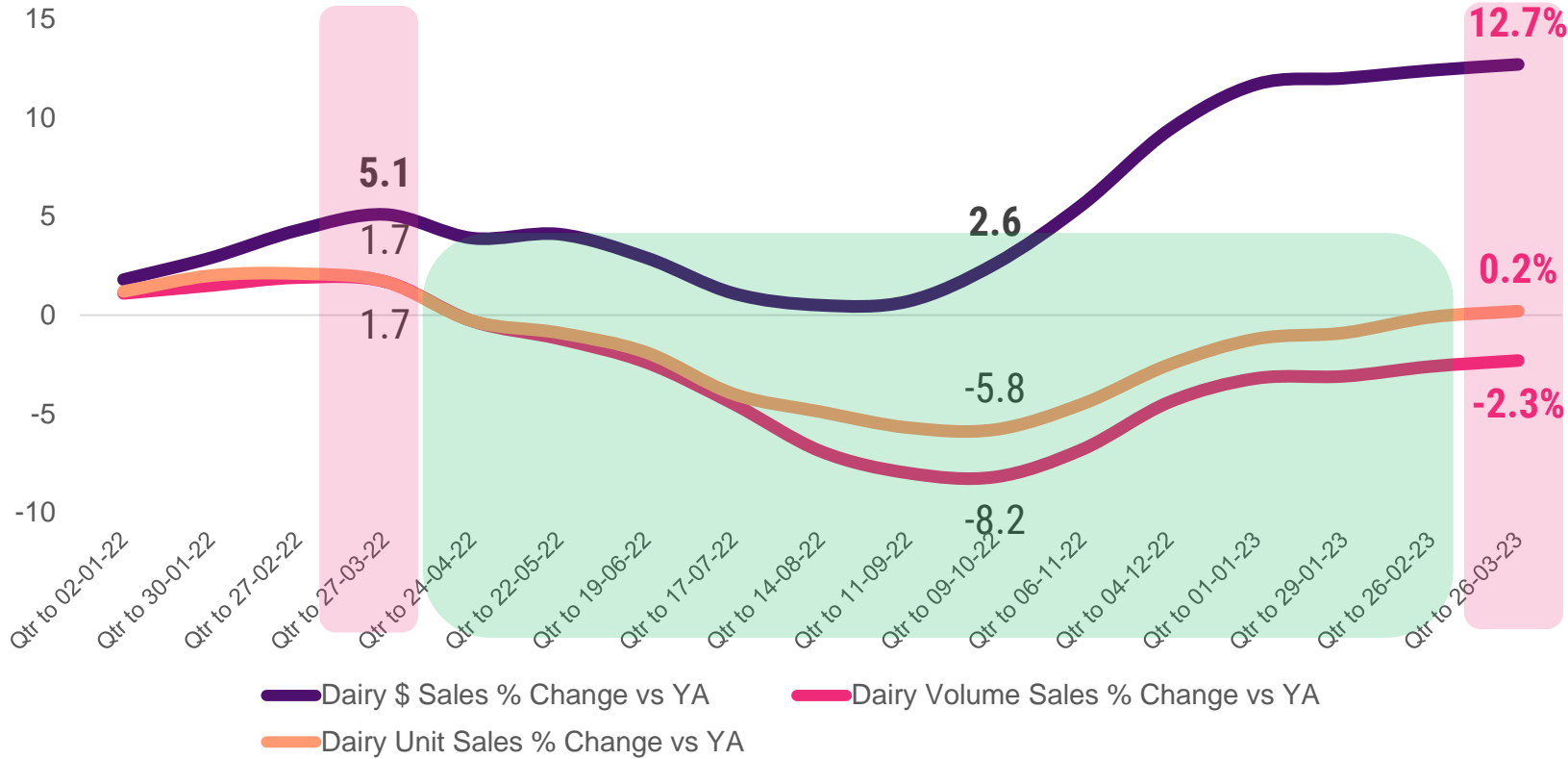
OPERATIONAL PARADOX:

Being affordable, but also protecting margin by passing on costs

Dairy manages to find **unit growth** in the latest period even when **cycling positive results** from last year.

And we expect even further growth as the department cycles the **Green Valley**.

Total Dairy - % Change vs. YA



Total Store
Latest Qtr.

Value +4.2%
Units -2.0%
Volume -1.2%



Source: Circana Shopper Panel to 26/3/23

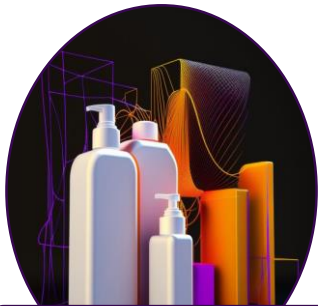
Milking Opportunities

A closer look at the Dairy categories



Cream of the crop: **Dairy ranks second** in Supermarket value with **Top Quarterly contribution**

Top 5 Total Store \$ Contributors



Health and Beauty 11.0%



Dairy 10.2%



Telco, Tob & Ent 10.1%



Homecare 7.7%



Pantry 6.8%

Top 5 Dollars Growth Contributors



Dairy 28.4%



Impulse 20.8%



Fruit 14.4%



Beverages 13.2%



Pantry 12.2%

Moo-ving ahead of the herd, Dairy emerges as one of the **top growth engines** in the food and grocery market

Unit Sales % Change vs. YA

Risk zone

Growth Engines

Health & Beauty
(-1.8,-4.8)

Pantry
(+7.9,-0.3)

Fruit
(+10.2,+11.9)

Breakfast
(+8.2,+0.1)

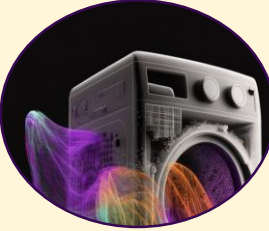
Beverages
(+12.1,+2.3)

Dairy
(+12.7,+0.2)

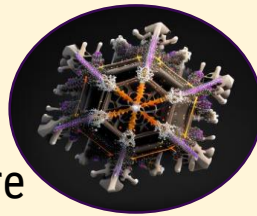
Impulse
(+14.6,+3.8)



Telco, Tobacco
(-15.3,-16.2)



Homecare
(+5.1,-6.4)



Frozen
(+8.9,-5.0)

Cash Cows

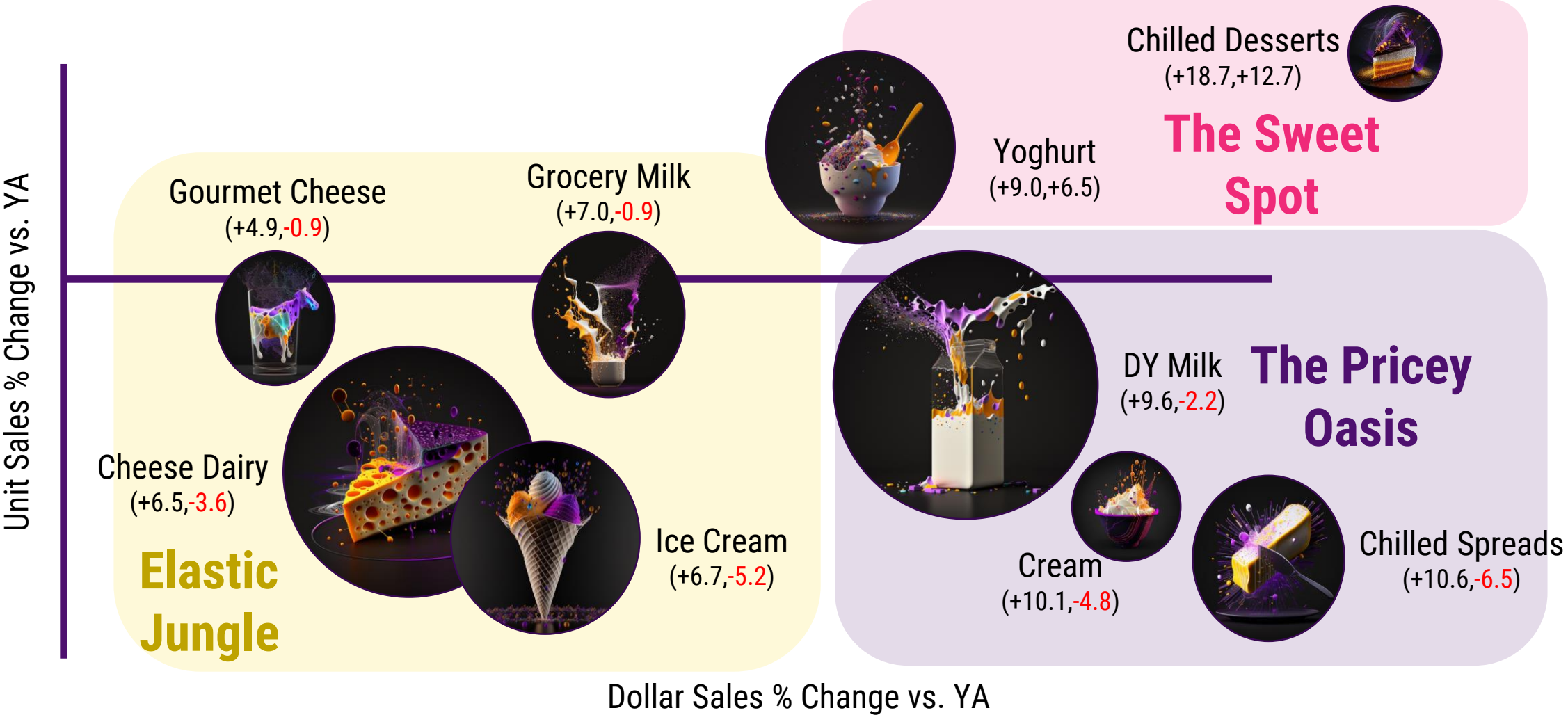
Dollar Sales % Change vs. YA



Top 10 most valuable Supermarket departments / Bubble size = Department's Dollar Size.

Circana Shopper Panel – All Outlets - Quarter to 26/03/2023

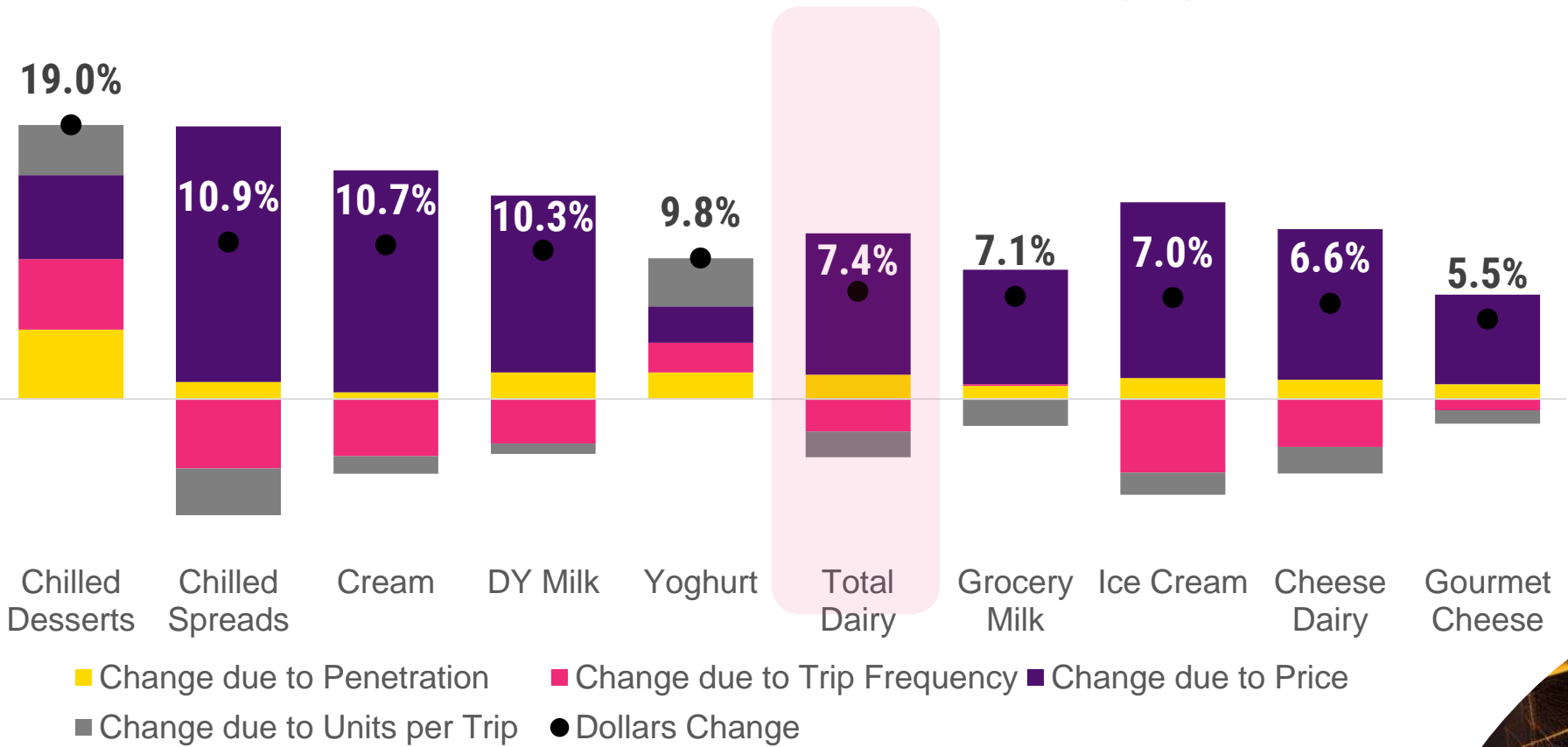
Most Dairy categories show a **positive value vs. volume equation**, as customers continue to buy them despite higher prices



* Sour Cream excluded (-45.2% Val, -52.5% Units)

The Cream Rises: **Price hikes and growing consumer base** boost Dairy Categories' growth

All Outlets - Drivers of Growth - 52 Weeks to 26/03/2023



Growth Themes

Lessons From High Performing Dairy Brands



Protein is proving an enduring health mega-trend

YoPro is AU dairy's standout protein-led performer

Protein Skus:

Value: +29%

Units: +18%

**YoPRO
PERFORM**

Both top 10 growth brands in Chilled
Combined: \$+34M +23% Net HH pen: +2.8pp



Two sub-brands that allow YoPro to be targeted and generate mass market appeal



Versatility amplified by packaging (large and small; pots and pouches)

There's also growth in protein sub-brands overseas

Arla Protein is a UK market outlier amid declining volumes and flat value gains

Arla Protein:

Value: +26%

Volumes: +20%
vs category: -8%



NPD
underpins
ongoing
growth

**NEW
PUDDING
FULL OF
PROTEIN**



**HIGH IN PROTEIN
NO ADDED SUGAR**



STRENGTH COMES FROM WITHIN

Digestive Health & Immunity

Vaalia performing with both pro-biotic and immunity claims

Vaalia Kids:

Dollars: +19.5%

Units: +9.5%



Boost immunity

70% of a child's immune system is found in their gut*.

Gut health will influence a child's mood, energy levels and of course their immunity*.

vaalia 3x PROBIOTICS YOGHURT

kids yoghurt PACKED WITH GOODNESS

Strawberry

- ✓ No artificial colours, flavours or sweeteners
- ✓ No preservatives
- ✓ Gluten free

140g NET

Vanilla

- ✓ No artificial colours, flavours or sweeteners
- ✓ No preservatives
- ✓ Gluten free

vaalia PROBIOTICS

kids LIVE CULTURED YOGHURT VANILLA BOOST IMMUNITY

vaalia PROBIOTICS

kids LIVE CULTURED YOGHURT TROPICAL BOOST IMMUNITY

Dairy Decadence & Unapologetic Indulgence

Celebrating dairy done right: creamy, indulgent goodness



+17%



+38%



+71%

Attracting a new generation of [social] foodies

Staple elevation via social: the TikTok community has popularised butter boards

#buttertok
602M views

#butterboard
468M views



#buttertok #croissants ...



Our Bakery Video (Tayl...

Charcuterie? No, #ButterBoard.



WAITROSE & PARTNERS

waitrose
koko__fashion - Original audio

View profile

View more on Instagram

Retailer re-creation of the trend with premium and value tier own label items

While we are covering unashamed indulgence...

Why not Dairy making Easter moments fun and exciting for Australians?

2019

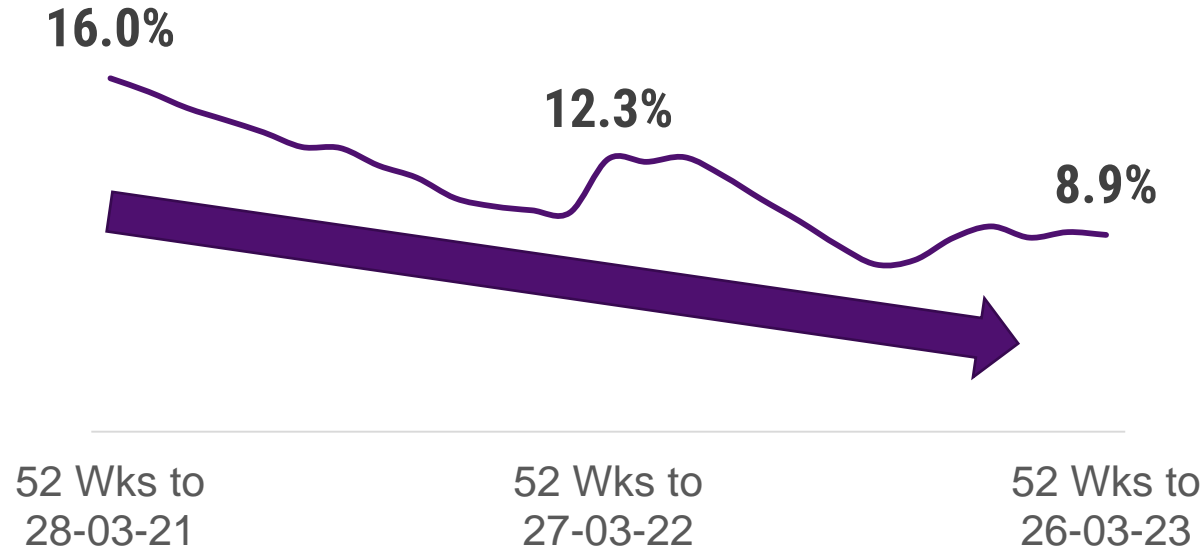


2023



Softness in **Plant-Based sales has occurred globally** in what has been traditionally a niche market

All Outlets - Total Plant-Based Dairy - \$ Sales Change vs. YA



-53.24 (-79.71%) ↓ past 5 years

Closed: 27 Apr, 7:19 pm GMT-4 • Disclaimer
After hours 13.60 +0.050 (0.37%)



Beyond Meat Inc

NASDAQ: BYND



1D | 5D | 1M | 6M | YTD | 1Y | **5Y** | Max



Trading down and out amid high inflation

Taste and textural challenges

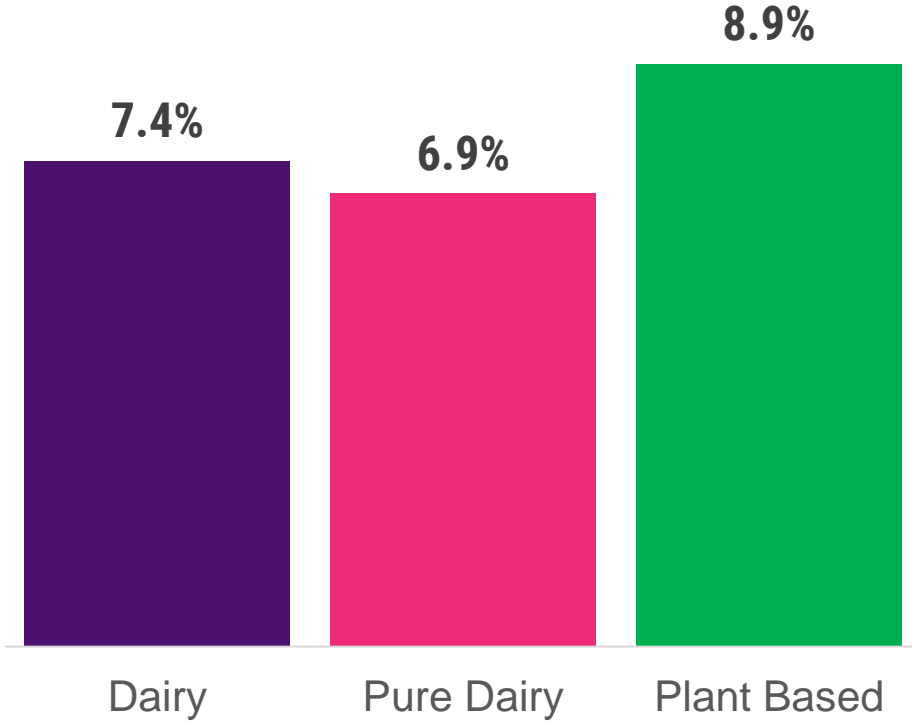
Low HH penetration / Repeat purchase

Collapse in stock performance of leading players

Plant-Based growth outpaces Total Dairy

However, Pure Dairy's growth is **14 times more valuable**

All Outlets - Dollar Sales % Change vs YA - 52 Weeks to 26/03/2023



Value Contribution

Pure Dairy: **91.6%**

Plant-Based: **8.4%**

Actual dollars per % growth point

Pure Dairy: **\$120M**

Plant-Based: **\$8.6M**



Source: Circana Shopper Panel

Dairy delivers
**value ahead of
the market** in all
customer metrics



Dairy is the
cream of the crop
for Supermarket
growth



Dairy Dominates

Macro themes
will be the way
to **unlock
further growth**



Core Dairy is
the **real Cash
Cow** for your
retail partners



Thank you

Circana.com

