



Passport

Baby Food in the Czech Republic

Euromonitor International

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BABY FOOD IN THE CZECH REPUBLIC - CATEGORY ANALYSIS

KEY DATA FINDINGS

- Retail value sales grow by 11% in current terms in 2022 to CZK4.8 billion
- Other baby food is the best performing category in 2022, with retail value sales rising by 12% in current terms to CZK598 million
- Danone as is the leading player in 2022, with a retail value share of 27%
- Retail sales are set to increase at a current value CAGR of 3% (2022 constant value CAGR of 0.2%) over the forecast period to CZK5.5 billion

2022 DEVELOPMENTS

A post-pandemic rise in the birth rate supports growth

Baby food is expected to register current value growth in 2022. However, much of this value growth is expected to be driven by price rises, fuelled by several factors, including rising energy prices. Also, retail volume growth is expected to be higher compared to the previous year. Many couples decided to delay having babies during the COVID-19 pandemic. As we are gradually entering a post-pandemic era, with social distancing measures lifted, there is a rise in the birth rate in 2022. That said, baby food is expected to register higher current value growth than milk formula as prolonged breastfeeding continues to stifle value growth within milk formula, with special milk formula and growing-up milk formula registering higher value growth compared to standard or follow-on milk formula. In growing-up formula, volume sales of variants from 1-2 years dominate, followed with variants from 2-3 years.

Organic continues to gain value share

Demand for organic in baby food is expected to remain high in 2022 and is bolstered by an increasing range of organic private label products (mainly from drugstore chains dm-Drogerie Markt and Rossmann). Parents are willing to spend on high quality when it concerns their baby. There were also several recent launches. Hero Czech launched organic prepared baby food brand Sunar Bio toward the end of the review period, consisting of vegetable and fruit ranges in single portions, with recyclable packaging and with 70% of the ingredients made from plant renewable sources. It also launched an organic Sunar Bio snack range. Baby biscuits and snacks in the form of puffed cereals and fruits bars continue to garner consumer interest in 2022. Though these products are relatively expensive, parents are willing to spend the money on their babies. As such, other brands and private label are also increasingly present in this product area. For example, Nutricia launched organic prepared baby food and puffed snacks under the Hami brand. The company also intends to delist the standard Hami fruit prepared baby food range and to focus only on organic variants.

Nutricia maintain leadership position

Groupe Danone's Nutricia will continue to lead baby food in the Czech Republic in value terms in 2022, mainly thanks to its strength in milk formula and prepared baby food. In the latter

product area, the company has focused on variants in single-portion pouches and launched organic variant Hami Bio, whilst in milk formula, it has focused on gaining wider distribution and carried out active promotions for its special baby milk formula brand Nutricia Nutrilon. It will also see value growth in dried baby food and other baby food under its organic Hami Bio brand.

However, its nearest competitor, Hero Czech is expected to gain value share, largely thanks to the strong performance of its leading baby food brand Hero Sunar.

In terms of sales channels, e-commerce sales of baby food peaked during the lockdown in 2020, with a double-digit increase seen in that year. In 2022, e-commerce sales of baby food are expected to continue to grow, albeit not at as high a rate as seen in the early stages of the pandemic. Parents continue to shop for baby food online as online retailers propose advantageous multipack offers and other price bargains. In addition, parents appreciate the convenience of online ordering and home delivery.

PROSPECTS AND OPPORTUNITIES

Minimal constant value growth over forecast period

Baby food is expected to register minimal constant value growth over the forecast period, as the lowering birth rate continues to dampen value growth. Consumers are also expected to be price sensitive as the economic fallout of the pandemic and price rises continue to negatively impact purchasing power. Economy baby brands should benefit, as a result. Milk formula will register lower value growth than baby food, due to the high breastfeeding rates among Czech mothers. However, with parents gradually returning to the office, it should help to maintain value growth of baby food, as less home cooking is done.

Special milk liquid growing-up formula register healthy value growth

While standard milk formula will register constant value decline over forecast period, special milk formula will post healthy value growth. Increasing allergies among babies, such as reflux and other digestive and gastrointestinal complications will drive value growth. Liquid growing-up formula also has potential for growth. Several players launched products in 2021, including Nestlé Beba Comfort, Nestlé Junior and Hipp Combiotic and it is expected that Nutricia will also launch a liquid growing-up formula in the near future. This product is proving popular, due to its convenience and on-the-go benefits.

Single-size plastic pouches become more common in baby food, as parents appreciate the convenience of the format

Prepared baby food packaged in single-size pouches recorded notable growth in 2022, reflecting a shift away from glass packaging. This trend is expected to further evolve over the forecast period. The convenience, the wide offer of both branded and private label prepared baby food in plastic pouches will drive this demand. Currently, it is mostly fruit snacks that are packaged in pouches, while glass jars are more common for the packaging of meals. Over the forecast period, it is expected that single-size plastic pouches will be more commonly used in the packaging of meals as well, as parents appreciate the convenience of the format.

There is simultaneously also a move towards more sustainable packaging in baby food. For example, in 2022, Danone introduced Nutrilon milk formula in a 1kg format, made from 100% recyclable paper, for the same price as the more conventionally packaged but easier-to-use 800g format. Parents are thus given a choice. Over the forecast period, it is anticipated that similar packaging options will appear.

CATEGORY DATA

Table 1 Sales of Baby Food by Category: Volume 2017-2022

	2017	2018	2019	2020	2021	2022
-- Powder Special Baby Milk Formula ('000 tonnes)	0.6	0.6	0.7	0.7	0.7	0.8
-- Liquid Special Baby Milk Formula (million litres)	-	-	-	-	-	-
- Special Baby Milk Formula (Not calculable)	-	-	-	-	-	-
-- Powder Growing-Up Milk Formula ('000 tonnes)	1.0	1.0	1.1	1.1	1.1	1.1
-- Liquid Growing-Up Milk Formula (million litres)	0.0	0.0	0.0	0.0	0.0	0.0
- Growing-Up Milk Formula (Not calculable)	-	-	-	-	-	-
-- Powder Follow-on Milk Formula ('000 tonnes)	1.6	1.6	1.6	1.5	1.4	1.4
-- Liquid Follow-on Milk Formula (million litres)	-	-	-	-	-	-
- Follow-on Milk Formula (Not calculable)	-	-	-	-	-	-
-- Powder Standard Milk Formula ('000 tonnes)	0.7	0.7	0.7	0.6	0.6	0.6
-- Liquid Standard Milk Formula (million litres)	-	-	-	-	-	-
- Standard Milk Formula (Not calculable)	-	-	-	-	-	-
Milk Formula (Not calculable)	-	-	-	-	-	-
Other Baby Food ('000 tonnes)	33.7	34.3	34.9	35.8	36.2	36.9
Prepared Baby Food ('000 tonnes)	9.5	9.8	9.9	10.1	10.3	10.4
Dried Baby Food ('000 tonnes)	1.9	1.8	1.8	1.7	1.7	1.7
Baby Food (Not calculable)	-	-	-	-	-	-

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 2 Sales of Baby Food by Category: Value 2017-2022

CZK million	2017	2018	2019	2020	2021	2022
-- Powder Special Baby Milk Formula	267.5	279.8	309.0	334.4	362.0	414.4
-- Liquid Special Baby	-	-	-	-	-	-

Milk Formula						
- Special Baby Milk Formula	267.5	279.8	309.0	334.4	362.0	414.4
-- Powder Growing-Up Milk Formula	385.9	393.0	404.2	417.1	436.0	484.1
-- Liquid Growing-Up Milk Formula	1.4	1.5	1.5	1.7	1.9	2.2
- Growing-Up Milk Formula	387.3	394.4	405.7	418.8	438.0	486.3
-- Powder Follow-on Milk Formula	598.3	596.6	597.7	586.7	586.4	644.2
-- Liquid Follow-on Milk Formula	-	-	-	-	-	-
- Follow-on Milk Formula	598.3	596.6	597.7	586.7	586.4	644.2
-- Powder Standard Milk Formula	272.8	268.7	265.5	259.1	269.4	284.3
-- Liquid Standard Milk Formula	-	-	-	-	-	-
- Standard Milk Formula	272.8	268.7	265.5	259.1	269.4	284.3
Milk Formula	1,525.9	1,539.5	1,577.9	1,599.0	1,655.7	1,829.3
Other Baby Food	406.6	425.6	444.4	493.8	532.3	597.8
Prepared Baby Food	1,268.3	1,381.1	1,446.5	1,519.1	1,611.5	1,795.8
Dried Baby Food	518.5	516.1	507.7	508.6	515.1	556.7
Baby Food	3,719.3	3,862.2	3,976.5	4,120.4	4,314.6	4,779.5

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 3 Sales of Baby Food by Category: % Volume Growth 2017-2022

% volume growth	2021/22	2017-22 CAGR	2017/22 Total
-- Powder Special Baby Milk Formula	4.1	5.0	27.8
-- Liquid Special Baby Milk Formula	-	-	-
- Special Baby Milk Formula	-	-	-
-- Powder Growing-Up Milk Formula	0.9	1.2	5.9
-- Liquid Growing-Up Milk Formula	5.1	5.0	27.8
- Growing-Up Milk Formula	-	-	-
-- Powder Follow-on Milk Formula	-0.1	-1.9	-9.1
-- Liquid Follow-on Milk Formula	-	-	-
- Follow-on Milk Formula	-	-	-
-- Powder Standard Milk Formula	-4.1	-2.5	-12.0
-- Liquid Standard Milk Formula	-	-	-
- Standard Milk Formula	-	-	-
Milk Formula	-	-	-
Other Baby Food	2.0	1.8	9.5
Prepared Baby Food	1.4	1.8	9.4
Dried Baby Food	-1.7	-2.3	-11.0
Baby Food	-	-	-

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 4 Sales of Baby Food by Category: % Value Growth 2017-2022

% current value growth	2021/22	2017-22 CAGR	2017/22 Total
-- Powder Special Baby Milk Formula	14.5	9.2	54.9

-- Liquid Special Baby Milk Formula	-	-	-
- Special Baby Milk Formula	14.5	9.2	54.9
-- Powder Growing-Up Milk Formula	11.0	4.6	25.5
-- Liquid Growing-Up Milk Formula	15.5	9.6	58.3
- Growing-Up Milk Formula	11.0	4.7	25.6
-- Powder Follow-on Milk Formula	9.9	1.5	7.7
-- Liquid Follow-on Milk Formula	-	-	-
- Follow-on Milk Formula	9.9	1.5	7.7
-- Powder Standard Milk Formula	5.5	0.8	4.2
-- Liquid Standard Milk Formula	-	-	-
- Standard Milk Formula	5.5	0.8	4.2
Milk Formula	10.5	3.7	19.9
Other Baby Food	12.3	8.0	47.0
Prepared Baby Food	11.4	7.2	41.6
Dried Baby Food	8.1	1.4	7.4
Baby Food	10.8	5.1	28.5

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 5 Sales of Growing-Up Milk Formula by Age: % Value 2017-2022

% retail value rsp	2017	2018	2019	2020	2021	2022
1-3 years	-	-	93.2	91.4	90.2	89.5
3+ years	-	-	6.8	8.6	9.8	10.5
Total	-	-	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 6 NBO Company Shares of Baby Food: % Value 2018-2022

% retail value rsp Company	2018	2019	2020	2021	2022
Danone as	-	-	-	26.8	26.6
Hero Czech sro	19.5	19.8	19.9	20.5	20.6
Nestlé Cesko sro	15.2	15.2	15.0	14.9	14.9
Hamé sro	9.4	9.2	8.8	8.7	8.8
Hipp Czech sro	5.9	5.8	5.7	5.2	4.9
Nutrend DS as	2.0	1.9	2.0	1.9	1.9
Kofola as	1.7	1.7	1.9	1.8	1.8
Linea Nivnice as	1.5	1.6	1.6	1.7	1.7
Mattoni 1873 as	-	-	1.4	1.5	1.5
Alnatura Produktions- & Handels GmbH	0.9	0.9	0.9	0.8	0.7
Orkla Foods Cesko & Slovensko as	-	0.6	0.6	0.5	0.5
Nutricia as	27.7	27.4	27.1	-	-
Karlovarské Minerální Vody as	1.3	1.3	-	-	-
Billa sro	0.2	0.1	-	-	-
Vitana as	0.7	-	-	-	-
Kaufland Ceska Republika vos	-	-	-	-	-
Other Private Label	1.7	1.9	2.5	2.9	3.5
Others	12.3	12.6	12.6	12.7	12.8

Total	100.0	100.0	100.0	100.0	100.0
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Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 7 LBN Brand Shares of Baby Food: % Value 2019-2022

% retail value rsp Brand (GBO)	Company (NBO)	2019	2020	2021	2022
Hero Sunar (Hero Group GmbH)	Hero Czech sro	12.2	12.0	20.5	20.6
Hami (Danone, Groupe)	Danone as	-	-	14.5	14.5
Nutrilon (Danone, Groupe)	Danone as	-	-	12.0	11.9
Hamánek (Orkla Group)	Hamé sro	9.2	8.8	8.7	8.8
Beba (Nestlé SA)	Nestlé Cesko sro	7.5	7.5	7.4	7.5
Nestlé (Nestlé SA)	Nestlé Cesko sro	7.0	6.9	6.8	6.6
Hipp (Hipp GmbH & Co Vertrieb KG)	Hipp Czech sro	5.8	5.7	5.2	4.9
Nartes	Nutrend DS as	1.9	2.0	1.9	1.9
Rajec (Kofola CeskoSlovensko as)	Kofola as	1.7	1.9	1.8	1.8
Hello	Linea Nivnice as	1.6	1.6	1.7	1.7
Aquila	Mattoni 1873 as	-	1.4	1.5	1.5
Nestlé Baby (Nestlé SA)	Nestlé Cesko sro	0.6	0.7	0.7	0.8
Alnatura	Alnatura Produktions- & Handels GmbH	0.9	0.9	0.8	0.7
Vitana (Orkla Group)	Orkla Foods Cesko & Slovensko as	0.6	0.6	0.5	0.5
Milupa (Danone, Groupe)	Danone as	-	-	0.3	0.2
Hami (Danone, Groupe)	Nutricia as	14.6	14.7	-	-
Nutricia Nutrilon (Danone, Groupe)	Nutricia as	12.4	12.1	-	-
Hero Sunarek (Hero Group GmbH)	Hero Czech sro	7.6	8.0	-	-
Milupa (Danone, Groupe)	Nutricia as	0.4	0.3	-	-
Aquila (Mattoni 1873 as)	Karlovarské Minerální Vody as	1.3	-	-	-
Clever (Private Label)	Billa sro	0.1	-	-	-
Hamánek	Hamé sro	-	-	-	-
Aquila	Karlovarské Minerální Vody as	-	-	-	-
Kaufland (Private Label)	Kaufland Ceska Republika vos	-	-	-	-
Rajec (Kofola SA)	Kofola as	-	-	-	-
Horsky Pramen	Nutrend DS as	-	-	-	-
Vitana (Orkla Group)	Vitana as	-	-	-	-
Other Private Label (Private Label)	Other Private Label	1.9	2.5	2.9	3.5
Others	Others	12.6	12.6	12.7	12.8
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 8 Distribution of Baby Food by Format: % Value 2017-2022

% retail value rsp	2017	2018	2019	2020	2021	2022
Retail Channels	100.0	100.0	100.0	100.0	100.0	100.0
- Retail Offline	92.1	90.8	88.7	87.3	86.5	86.5
-- Grocery Retailers	56.6	55.1	52.8	51.7	51.6	52.1
--- Convenience Retail	4.7	4.7	4.7	4.3	4.5	4.6
---- Convenience Stores	4.6	4.6	4.6	4.2	4.4	4.5
---- Forecourt Retailers	0.1	0.1	0.1	0.1	0.1	0.1
--- Supermarkets	14.2	14.2	14.2	14.3	14.2	14.3
--- Hypermarkets	28.5	27.2	24.8	24.3	24.1	24.1
--- Discounters	6.9	6.9	6.9	7.1	7.2	7.4
--- Warehouse Clubs	-	-	-	-	-	-
--- Food/drink/tobacco specialists	-	-	-	-	-	-
--- Small Local Grocers	2.3	2.1	2.1	1.7	1.7	1.7
-- Non-Grocery Retailers	35.5	35.7	35.9	35.6	34.9	34.4
--- General Merchandise Stores	-	-	-	-	-	-
--- Apparel and Footwear Specialists	-	-	-	-	-	-
--- Appliances and Electronics Specialists	-	-	-	-	-	-
--- Home Products Specialists	-	-	-	-	-	-
--- Health and Beauty Specialists	35.5	35.7	35.9	35.6	34.9	34.4
--- Leisure and Personal Goods Specialists	-	-	-	-	-	-
--- Other Non-Grocery Retailers	-	-	-	-	-	-
-- Vending	-	-	-	-	-	-
-- Direct Selling	-	-	-	-	-	-
- Retail E-Commerce	7.9	9.2	11.3	12.7	13.5	13.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 9 Forecast Sales of Baby Food by Category: Volume 2022-2027

	2022	2023	2024	2025	2026	2027
-- Powder Special Baby Milk Formula ('000 tonnes)	0.8	0.8	0.8	0.8	0.9	0.9
-- Liquid Special Baby Milk Formula (million litres)	-	-	-	-	-	-
- Special Baby Milk Formula (Not calculable)	-	-	-	-	-	-
-- Powder Growing-Up Milk Formula ('000 tonnes)	1.1	1.1	1.1	1.1	1.1	1.1
-- Liquid Growing-Up	0.0	0.0	0.0	0.0	0.0	0.0

Milk Formula (million litres)						
- Growing-Up Milk Formula (Not calculable)	-	-	-	-	-	-
-- Powder Follow-on Milk Formula ('000 tonnes)	1.4	1.4	1.4	1.4	1.4	1.4
-- Liquid Follow-on Milk Formula (million litres)	-	-	-	-	-	-
- Follow-on Milk Formula (Not calculable)	-	-	-	-	-	-
-- Powder Standard Milk Formula ('000 tonnes)	0.6	0.6	0.6	0.6	0.6	0.6
-- Liquid Standard Milk Formula (million litres)	-	-	-	-	-	-
- Standard Milk Formula (Not calculable)	-	-	-	-	-	-
Milk Formula (Not calculable)	-	-	-	-	-	-
Other Baby Food ('000 tonnes)	36.9	37.3	37.6	37.7	37.9	38.0
Prepared Baby Food ('000 tonnes)	10.4	10.5	10.6	10.6	10.6	10.6
Dried Baby Food ('000 tonnes)	1.7	1.6	1.6	1.6	1.6	1.6
Baby Food (Not calculable)	-	-	-	-	-	-

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 10 Forecast Sales of Baby Food by Category: Value 2022-2027

CZK million	2022	2023	2024	2025	2026	2027
-- Powder Special Baby Milk Formula	414.4	425.3	440.6	456.0	471.5	485.5
-- Liquid Special Baby Milk Formula	-	-	-	-	-	-
- Special Baby Milk Formula	414.4	425.3	440.6	456.0	471.5	485.5
-- Powder Growing-Up Milk Formula	484.1	482.4	486.3	489.7	493.2	495.4
-- Liquid Growing-Up Milk Formula	2.2	2.4	2.6	2.9	3.3	3.8
- Growing-Up Milk Formula	486.3	484.8	489.0	492.6	496.6	499.2
-- Powder Follow-on Milk Formula	644.2	628.6	618.4	614.6	612.0	608.7
-- Liquid Follow-on Milk Formula	-	-	-	-	-	-
- Follow-on Milk Formula	644.2	628.6	618.4	614.6	612.0	608.7
-- Powder Standard Milk Formula	284.3	276.5	273.8	272.2	271.4	270.2
-- Liquid Standard Milk Formula	-	-	-	-	-	-
- Standard Milk Formula	284.3	276.5	273.8	272.2	271.4	270.2
Milk Formula	1,829.3	1,815.2	1,821.8	1,835.4	1,851.4	1,863.5
Other Baby Food	597.8	604.2	612.8	619.6	623.0	625.4

Prepared Baby Food	1,795.8	1,786.8	1,798.3	1,807.0	1,813.6	1,819.1
Dried Baby Food	556.7	541.8	535.9	532.3	529.5	527.3
Baby Food	4,779.5	4,747.9	4,768.7	4,794.3	4,817.6	4,835.4

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 11 Forecast Sales of Baby Food by Category: % Volume Growth 2022-2027

% volume growth	2022/23	2022-27 CAGR	2022/27 Total
-- Powder Special Baby Milk Formula	3.8	3.3	17.6
-- Liquid Special Baby Milk Formula	-	-	-
- Special Baby Milk Formula	-	-	-
-- Powder Growing-Up Milk Formula	0.8	0.5	2.7
-- Liquid Growing-Up Milk Formula	7.0	10.8	67.1
- Growing-Up Milk Formula	-	-	-
-- Powder Follow-on Milk Formula	-1.3	-1.0	-5.1
-- Liquid Follow-on Milk Formula	-	-	-
- Follow-on Milk Formula	-	-	-
-- Powder Standard Milk Formula	-1.6	-0.9	-4.6
-- Liquid Standard Milk Formula	-	-	-
- Standard Milk Formula	-	-	-
Milk Formula	-	-	-
Other Baby Food	1.0	0.6	3.0
Prepared Baby Food	0.7	0.4	2.1
Dried Baby Food	-1.5	-0.9	-4.5
Baby Food	-	-	-

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 12 Forecast Sales of Baby Food by Category: % Value Growth 2022-2027

% constant value growth	2022/2023	2022-27 CAGR	2022/27 Total
-- Powder Special Baby Milk Formula	2.6	3.2	17.1
-- Liquid Special Baby Milk Formula	-	-	-
- Special Baby Milk Formula	2.6	3.2	17.1
-- Powder Growing-Up Milk Formula	-0.3	0.5	2.3
-- Liquid Growing-Up Milk Formula	5.9	11.1	69.3
- Growing-Up Milk Formula	-0.3	0.5	2.6
-- Powder Follow-on Milk Formula	-2.4	-1.1	-5.5
-- Liquid Follow-on Milk Formula	-	-	-
- Follow-on Milk Formula	-2.4	-1.1	-5.5
-- Powder Standard Milk Formula	-2.8	-1.0	-5.0
-- Liquid Standard Milk Formula	-	-	-
- Standard Milk Formula	-2.8	-1.0	-5.0
Milk Formula	-0.8	0.4	1.9
Other Baby Food	1.1	0.9	4.6
Prepared Baby Food	-0.5	0.3	1.3
Dried Baby Food	-2.7	-1.1	-5.3
Baby Food	-0.7	0.2	1.2

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

DAIRY PRODUCTS AND ALTERNATIVES IN THE CZECH REPUBLIC - INDUSTRY OVERVIEW

EXECUTIVE SUMMARY

Dairy products and alternatives in 2022: The big picture

Dairy products and alternatives retail volume sales continue to stabilise after the spike that occurred during the COVID-19 pandemic and ensuing lockdowns. Retail volume sales are set to see a modest decline in 2022, while current value sales will be driven by rising retail prices. The inflationary pressure is being driven by higher energy and agricultural feed prices and also higher packaging costs. Overall, retail sales of dairy products and alternatives remain higher than in 2019, however. Czech consumers consume less animal derived products and instead opt for dairy or plant-based alternatives as a source of protein. In addition, due to the inflation, Czech households remain mindful of their spending, and continue to have meals at home rather than eating out. Foodservice volume sales have therefore not yet recovered to pre-pandemic levels in 2022.

The pandemic also accelerated the health and wellness trends, which is reflected in demand for probiotics and dairy products fortified with vitamins. Skyr and fromage frais remain in demand due to their natural high protein content. Czech consumers have also been gradually moving towards full-fat dairy, as research has shown that people who eat full-fat dairy tend to be just as healthy or even healthier than those who choose low-fat options and added to this, consumers prefer the taste of full-fat options.

Key trends in 2022

Plant-based milk and free from dairy are expected to continue their double-digit value and volume rise. Plant-based milk has been supported by frequent price discounts which has been appealing to cash-strapped consumers. The demand for plant-based milk is mainly driven by the younger generation, with some of this generation becoming vegans or just choosing to consume milk alternatives as they perceive it as healthier.

Organic is also gaining in importance in baby food, milk, yoghurt and fromage frais and quark, with the expansion of organic in private label further fuelling volume sales. Baby food in particular is seeing significant value sales in organic variants and the drugstore chain dm-Drogerie Markt is instrumental in driving these sales, as it continues to expand its organic range. Within dairy, key players in the organic space are retailers Kaufland, Lidl and Albert, as well local dairy producer, Olma.

Competitive landscape

With the exception of Madeta, top local dairy producers Olma and Savencia Fromage & Dairy Czech Republic are set to lose value share to retailers Lidl, Kaufland and Ahold in 2022. Private label has consistently been gaining value share over the review period, appealing to cash-strapped consumers. The top global player is Danone, which lies in eighth position.

These players maintain their value share by constantly innovating and also reacting to changing consumer demands. For instance, in 2022, Danone launched GOU!, a line of plant-based milk consisting of coconut, almond and soy milk. In the previous year, the company

introduced Alpro Protein drinks, Alpro almond yoghurt in plain and flavoured variants, as well as plant-based dairy desserts, in so doing withstanding competition from private label.

Channel developments

In 2022, discounters are expected to continue to perform strongly, as consumer have become price sensitive due to the lingering economic fallout from the pandemic and rising inflation.

E-commerce continues to perform well in 2022, even if sales growth through the channel has slowed down since 2020. E-commerce is a more relied upon channel for purchasing baby food than it is for dairy. Within baby food, drugstores and pharmacy chains are expected to continue to gain value share and pharmacy chains with online sites such as Dr.Max and Benu are also proving popular. Online sales of baby food had been popular, even prior to the pandemic, but the pandemic accelerated this shift. Baby food also sells well through online supermarkets such as Kosik.cz and Rohlik.cz and online galleries such as Mall.cz and Alza.cz. In dairy, while there was growth in e-commerce during lockdown, many consumers are frequenting brick-and-mortar outlets once again to buy their dairy products.

What next for dairy products and alternatives?

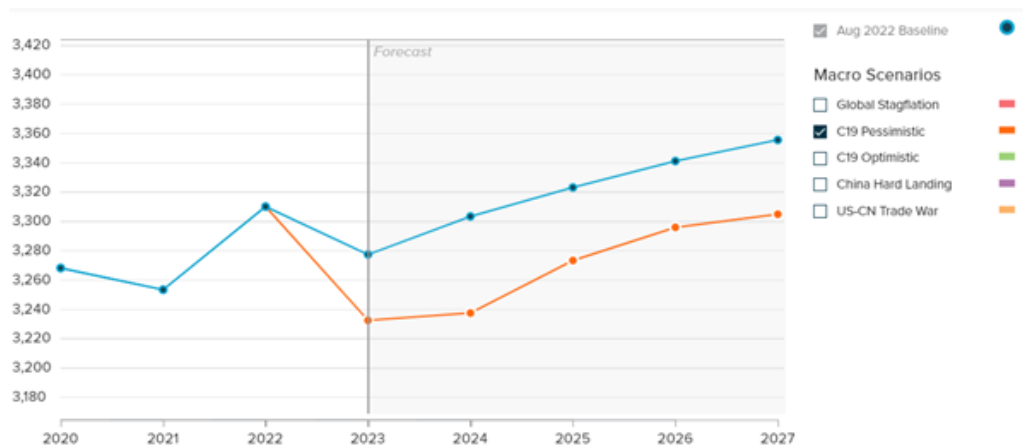
Overall, growth in dairy products and alternatives is expected to be muted, with minimal constant value and volume growth. However, certain products will perform better than others. Baby food, cheese, and butter and spreads will register a stronger performance than drinking milk products, yoghurt and sour milk products and other dairy, with the latter three registering zero constant value growth over the forecast period.

In terms of baby food, while the birth rate is in decline, parents' readiness to purchase the best for their babies, including buying organic, will ensure increased constant value growth.

However, overall, consumers are expected to be more price sensitive over the forecast period, as the economic fallout of the pandemic and price increases negatively impact consumer purchasing power. As a result, private label is expected to perform strongly, which Czech consumers perceive as good quality. Private label will focus on innovation in terms of health and wellness and premium positioning and this will further fuel sales.

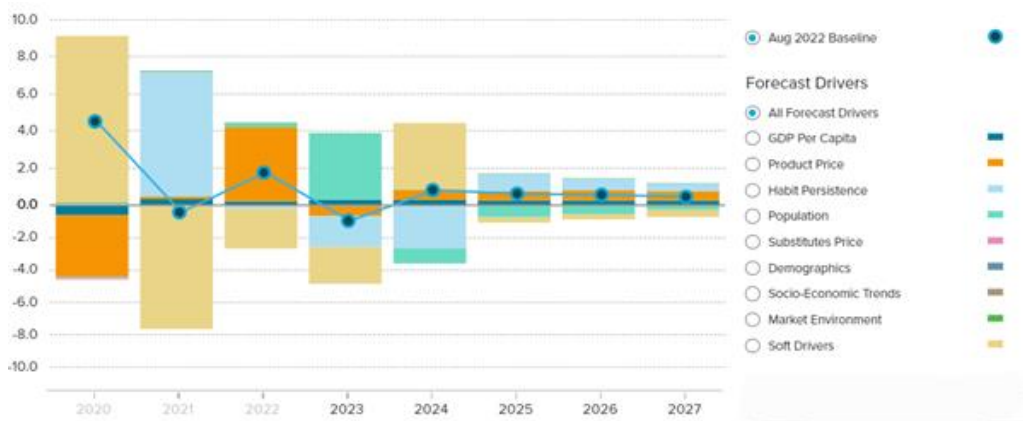
Fortification of dairy products ingredients such as with probiotics, protein and vitamins will continue to drive value sales. Also, the pandemic has highlighted how people are negatively impacting the environment. For instance, one positive of lockdown was that it highlighted the negative impact that global travel has on the planet. Over the forecast period, consumers will become increasingly well informed and passionate about protecting the environment and will expect manufacturers to use more sustainable agricultural practices and packaging.

Chart 1 Dairy Products and Alternatives Value Sales Growth Scenarios: 2020-2027



Source: Euromonitor International Industry Forecast Model
 Note: C19 Pessimistic 1 represents a modelled scenario with an estimated probability of 25-35% over a 1-year horizon, factoring in macro drivers including GDP, stock prices, business and consumer confidence rates alongside infection rates, supply chain and labour supply disruption rates

Chart 2 Dairy Products and Alternatives Impact of Drivers on Value Sales: 2020-2027



Source: Euromonitor International Industry Forecast Model
 Note: The above chart shows the growth decomposition split by macro drivers such as GDP per capita and population alongside soft drivers listed as having a positive (+) or negative (-) impact on the total growth rate

MARKET DATA

Table 13 Sales of Dairy Products and Alternatives by Category: Value 2017-2022

CZK million	2017	2018	2019	2020	2021	2022
Plant-based Dairy	238.3	311.0	418.7	531.1	676.3	898.4
Dairy	50,320.9	51,209.5	53,134.7	57,366.5	59,125.9	65,761.1
Baby Food	3,719.3	3,862.2	3,976.5	4,120.4	4,314.6	4,779.5
Dairy Products and Alternatives	54,278.5	55,382.6	57,529.9	62,018.0	64,116.7	71,439.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 14 Sales of Dairy Products and Alternatives by Category: % Value Growth 2017-2022

% current value growth	2021/22	2017-22 CAGR	2017/22 Total
Plant-based Dairy	32.8	30.4	277.0
Dairy	11.2	5.5	30.7
Baby Food	10.8	5.1	28.5
Dairy Products and Alternatives	11.4	5.6	31.6

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 15 NBO Company Shares of Dairy Products and Alternatives: % Value 2018-2022

% retail value rsp Company	2018	2019	2020	2021	2022
Madeta as	11.7	11.1	10.9	10.6	10.0
Lidl Ceska republika vos	3.2	3.8	4.8	5.5	6.2
Kaufland Ceska Republika vos	3.6	3.8	4.7	5.3	6.0
Olma as	6.6	6.4	6.2	6.0	5.7
Ahold Czech Republic as	3.7	3.9	4.5	4.8	5.4
Savencia Fromage & Dairy Czech Republic as	6.1	5.9	5.6	5.5	5.3
Tesco Stores CR as	3.5	3.7	4.1	4.3	4.7
Danone as	3.1	3.2	3.2	4.9	4.7
Lactalis CZ sro	4.1	4.4	4.3	4.7	4.6
Mlekarna Kunin as	5.3	5.2	5.1	4.7	4.2
Upfield CR spol sro	3.6	3.7	3.6	3.6	3.6
Mlekarna Hlinsko as	2.1	2.1	2.1	2.0	2.0
Polabske Mlekarny as	1.8	1.9	1.9	1.9	1.9
Moravia Lacto as	2.2	2.1	1.9	1.8	1.8
Zott sro	1.9	1.9	1.8	1.8	1.8
Bel Syry Cesko as	2.1	2.0	2.0	1.7	1.7
Hero Czech sro	1.4	1.4	1.3	1.4	1.4
Alimpex Food as	1.2	1.3	1.2	1.2	1.2
Meggle sro	1.4	1.4	1.4	1.2	1.1
Penny Market sro	0.5	0.5	0.7	0.8	1.0
Billa sro	1.0	0.8	0.9	1.0	1.0
Nestlé Cesko sro	1.1	1.0	1.0	1.0	1.0
Hollandia Karlovy Vary as	1.0	1.0	1.1	1.0	1.0
Chocenska Mlekarna sro	0.9	0.9	0.9	0.9	0.9
Svaz Ceskych A Moravskych Spotrebnych Druzstev	0.9	0.8	0.8	0.8	0.9
Bohemilk as	1.0	1.0	0.9	0.8	0.8
Lacrum Velke Mezirici sro	0.8	0.8	0.8	0.8	0.8
Kaka CZ sro	0.8	0.8	0.8	0.8	0.8
Bohusovicka Mlekarna as	0.8	0.8	0.8	0.8	0.8
Müller CR/SR ks	0.8	0.8	0.8	0.8	0.7
Nutricia as	1.9	1.9	1.8	-	-
Other Private Label	3.1	3.1	2.9	2.9	2.9

Others	16.6	16.3	15.4	14.9	14.2
Total	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 16 LBN Brand Shares of Dairy Products and Alternatives: % Value 2019-2022

% retail value rsp Brand (GBO)	Company (NBO)	2019	2020	2021	2022
Madeta	Madeta as	10.8	10.6	10.3	9.8
Lidl (Private Label)	Lidl Ceska republika vos	3.8	4.8	5.5	6.2
Kaufland (Private Label)	Kaufland Ceska Republika vos	3.8	4.7	5.3	6.0
Olma (Agrofert as)	Olma as	6.2	5.9	5.6	5.4
AH (Private Label)	Ahold Czech Republic as	3.6	4.1	4.4	4.9
Tesco (Private Label)	Tesco Stores CR as	3.7	4.1	4.3	4.7
Kunin (Lactalis, Groupe)	Mlekarna Kunin as	5.2	5.1	4.7	4.2
Président (Lactalis, Groupe)	Lactalis CZ sro	3.4	3.2	3.2	3.1
Kral Syru (Savencia SA)	Savencia Fromage & Dairy Czech Republic as	2.3	2.1	2.1	2.0
Tatra (Agrofert as)	Mlekarna Hlinsko as	2.1	2.1	2.0	2.0
Milko	Polabske Mlekarny as	1.9	1.9	1.9	1.9
Zott (Zott GmbH & Co KG)	Zott sro	1.8	1.8	1.8	1.7
Sedcanský (Savencia SA)	Savencia Fromage & Dairy Czech Republic as	1.7	1.6	1.6	1.6
Rama (Upfield Holdings BV)	Upfield CR spol sro	1.6	1.6	1.6	1.5
Moravia (InterLacto Group)	Moravia Lacto as	1.6	1.5	1.5	1.5
Hero Sunar (Hero Group GmbH)	Hero Czech sro	0.8	0.8	1.4	1.4
Activia (Danone, Groupe)	Danone as	1.7	1.5	1.3	1.2
Meggle (Meggle GmbH)	Meggle sro	1.4	1.4	1.2	1.1
Penny Market (Private Label)	Penny Market sro	0.5	0.7	0.8	1.0
Billa (Private Label)	Billa sro	0.8	0.9	1.0	1.0
Dr Halir	Alimpex Food as	1.0	1.0	1.0	1.0
Flora (Upfield Holdings BV)	Upfield CR spol sro	1.0	1.0	1.0	1.0
Hollandia	Hollandia Karlovy Vary as	1.0	1.1	1.0	1.0
Hami (Danone, Groupe)	Danone as	-	-	1.0	1.0
Coop (Private Label)	Svaz Ceskych A Moravskych Spotrebnych Druzstev	0.8	0.8	0.8	0.9
Nutrilon (Danone, Groupe)	Danone as	-	-	0.8	0.8
Bohemilk (InterLacto Group)	Bohemilk as	0.9	0.8	0.7	0.7
Lacrum (AGRO Merin as)	Lacrum Velke Mezirici sro	0.7	0.7	0.7	0.7
Alpro (Danone, Groupe)	Danone as	0.4	0.4	0.6	0.7
Müller (Unternehmensgruppe)	Müller CR/SR ks	0.7	0.7	0.7	0.7

Theo Müller Secs)					
Hami (Danone, Groupe)	Nutricia as	1.0	1.0	-	-
Nutricia Nutrilon (Danone, Groupe)	Nutricia as	0.9	0.8	-	-
Other Private Label (Private Label)	Other Private Label	3.1	2.9	2.9	2.9
Others	Others	29.6	28.6	27.5	26.5
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 17 Penetration of Private Label by Category: % Value 2017-2022

% retail value rsp	2017	2018	2019	2020	2021	2022
Plant-based Dairy	11.1	14.0	15.2	16.6	17.3	18.0
Dairy	20.0	21.0	22.0	25.0	27.0	30.2
Baby Food	1.8	1.9	2.0	2.5	2.9	3.5
Dairy Products and Alternatives	18.7	19.6	20.6	23.4	25.3	28.3

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 18 Distribution of Dairy Products and Alternatives by Format: % Value 2017-2022

% retail value rsp	2017	2018	2019	2020	2021	2022
Retail Channels	100.0	100.0	100.0	100.0	100.0	100.0
- Retail Offline	98.5	98.2	97.9	97.4	97.2	97.2
-- Grocery Retailers	95.5	95.1	94.9	94.5	94.3	94.3
--- Convenience Retail	7.9	7.9	8.0	7.4	7.7	7.9
---- Convenience Stores	7.6	7.6	7.7	7.2	7.4	7.6
---- Forecourt Retailers	0.3	0.3	0.3	0.2	0.2	0.3
--- Supermarkets	21.3	20.4	20.8	20.3	20.3	20.5
--- Hypermarkets	36.3	35.9	35.2	36.0	34.8	33.6
--- Discounters	24.1	25.4	25.6	26.2	27.0	27.4
--- Warehouse Clubs	-	-	-	-	-	-
--- Food/drink/tobacco specialists	0.6	0.7	0.7	0.6	0.6	0.7
--- Small Local Grocers	5.3	4.9	4.6	4.0	3.9	4.0
-- Non-Grocery Retailers	3.0	3.1	3.1	2.9	2.9	2.9
--- General Merchandise Stores	0.5	0.5	0.5	0.4	0.4	0.4
--- Apparel and Footwear Specialists	-	-	-	-	-	-
--- Appliances and Electronics Specialists	-	-	-	-	-	-
--- Home Products Specialists	-	-	-	-	-	-
--- Health and Beauty Specialists	2.5	2.6	2.6	2.5	2.5	2.5
--- Leisure and Personal Goods Specialists	-	-	-	-	-	-
--- Other Non-Grocery	-	-	-	-	-	-

Retailers						
-- Vending	0.0	0.0	0.0	0.0	0.0	0.0
-- Direct Selling	-	-	-	-	-	-
- Retail E-Commerce	1.5	1.8	2.1	2.6	2.8	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Euromonitor International from official statistics, trade associations, trade press, company research, store checks, trade interviews, trade sources

Table 19 Forecast Sales of Dairy Products and Alternatives by Category: Value 2022-2027

CZK million						
	2022	2023	2024	2025	2026	2027
Plant-based Dairy	898.4	1,052.7	1,224.0	1,374.8	1,502.8	1,613.3
Dairy	65,761.1	64,933.5	65,303.1	65,552.7	65,790.3	65,973.6
Baby Food	4,779.5	4,747.9	4,768.7	4,794.3	4,817.6	4,835.4
Dairy Products and Alternatives	71,439.0	70,734.1	71,295.7	71,721.9	72,110.6	72,422.2

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Table 20 Forecast Sales of Dairy Products and Alternatives by Category: % Value Growth 2022-2027

% constant value growth			
	2022/2023	2022-27 CAGR	2022/27 Total
Plant-based Dairy	17.2	12.4	79.6
Dairy	-1.3	0.1	0.3
Baby Food	-0.7	0.2	1.2
Dairy Products and Alternatives	-1.0	0.3	1.4

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

DISCLAIMER

Forecast and scenario closing date: 1 August 2022

Report closing date: 22 August 2022

Analysis and data in this report give full consideration to consumer behaviour and market performance in 2022 and beyond as of the dates above. For the very latest insight on this industry and consumer behaviour, at both global and national level, readers can access strategic analysis and updates on www.euromonitor.com and via the Passport system, where new content is being added on a systematic basis.

SOURCES

Sources used during research include the following:

Summary 1 Research Sources

Official Sources

Business Register of Ministry of Justice

	Czech Statistical Office
Trade Associations	Ceskomoravsky Svaz Mlekarensky
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	Marketingovenoviny.cz
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	Retail News
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	Zbozi & Prodej

Source: Euromonitor International