

## Three Trends That Will Shape Asia's Dairy Industry in 2023, a DKSH analysis

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DKSH, (DiethelmKellerSiberHegner) the Swiss holding company specializing in market expansion services, having its exclusive presence and deep rooted connectivity in Asia-Pacific recently presented its analysis report around the trends in APAC dairy industry for the CY 2023.

DKSK expert research analysis indicates that China, with more than 40 percent contribution will continue to be the largest dairy market in Asia, followed by India and Japan. These three markets alone constitute over 75 percent of Asia's total dairy market. The other markets projected to see healthy growth are Myanmar, Cambodia, and Laos.

### **Protein-Rich Consumers**

A key factor driving this increasing demand is the conscious increase in consumer preference toward a protein-rich diet, including milk and milk-based products. The demand is driven by the nutritional and functional properties of milk, along with the growing preference for probiotic drinks such as sour milk drinks, drinkable yogurt, and flavored and fermented milk.

The COVID-19 pandemic has positively accelerated the demand for food and beverages that help boost our immune system and overall health. There are also more government-sponsored nutrition drives across Asian markets that are geared towards boosting awareness and uptake of milk and milk-based products. One example is the school milk programs introduced in

China for the population to consume at least 300 ml of milk or equivalent amounts of other dairy products daily.

The accelerated growth of middle-income consumers in China, South Asia, and Southeast Asia will be a major contributor to driving demand for dairy and dairy derivatives. Coupled with this, rapid urbanization of the population will also contribute positively with a projected 40 percent urban population in India and China significantly boosting the demand for dairy products.

### **Better Market Access**

The existing and emerging preferential and free trade agreements between Asian markets will continue to help improve market access for businesses across the region.

“Glocalization” or the adaptation of globally marketed products and services into local markets is another big trend in the dairy category in Asia. Furthermore, the dairy product growth in China is projected to propel the growth of imports from Europe to China.

### **Product Innovation**

In the coming years, we expect consumers to be more inclined toward more innovation for dairy food products, from added nutritional value to functional benefits and bolstering flavors. Among the trends that will drive innovations include non-local taste-based and novelty products like drinking yogurts in China, cheese wafers in Indonesia, yogurt ice cream in South Korea, and even cheese tea in some Asian markets.

Innovation and product novelty will be the key drivers of dairy products in Asian markets over the next few years ahead. As the market demand for dairy-based food and ingredients continues to grow in Asia, DKSH is well-placed to continue helping food manufacturers and dairy brands to create or expand into markets across Asia.