

MARKET REPORT · TECHNICAL ANALYSIS

The A2 milk market in Spain

Channels, value chain, purchase drivers and competition, with the reliability of each piece declared and the gaps named. This report neither recommends nor decides: the decision is the client's.

DECLARED CONFIDENCE OF THE REPORT

15 dimensions · matrix v2

3

HIGH CONFIDENCE

9

MEDIUM CONFIDENCE

2

LOW CONFIDENCE

1

OUT OF SCOPE

Notice. Demonstration document of the Market Brain method. All figures are **illustrative** and rely on public sources (MAPA consumption panel, MERCASA «Alimentación en España», Eurostat, AESAN, FENIL, a2 Milk Company public reports). Not a real study nor investment advice. In a real engagement they are replaced with the project's verified data.



01 What this report does (and doesn't)

It gathers what is known today about the A2 milk market in Spain and what is still missing. It lays out the data with its declared reliability and names the gaps to close. It doesn't recommend, doesn't prioritise channels, doesn't decide for anyone: that's the client's.

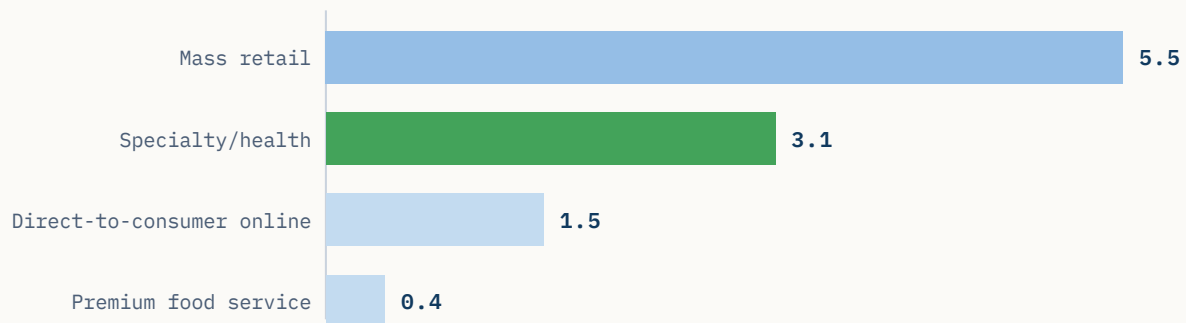
A2 is milk from cows with the A2/A2 genotype for beta-casein, positioned as more digestible. The market is analysed across four channels: mass retail (supermarkets), specialty/health stores, direct-to-consumer online and premium food service.

02 The market in figures ILLUSTRATIVE

Liquid milk in Spain is a large, slowly declining market (consumption ≈ 70 L/person·year, falling). The exception is the premium and functional segment —lactose-free, fortified, A2—, which grows while the base falls.

CHANNEL	CHANNEL MARKET	ACCESSIBLE PREMIUM	3-YR POTENTIAL
Mass retail	≈ €2,200M	≈ €140M	≈ €5.5M ballpark
Specialty / health stores	≈ €95M	≈ €34M	≈ €3.1M calculated
Direct-to-consumer online	≈ €40M	≈ €18M	≈ €1.5M ballpark
Premium food service	≈ €25M	≈ €6M	≈ €0.4M ballpark

CAPTURABLE POTENTIAL AT 3 YEARS, BY CHANNEL · €M ILLUSTRATIVE



In green, the only channel sized bottom-up; the rest, orders of magnitude. Note: more euros isn't more margin (see channels and value chain).

SPECIALTY CHANNEL SIZE, BOTTOM-UP (BASE SCENARIO)

Households buying in specialty/health stores	300,000
× Premium milk per household/year	60 L
× A2 retail price	€1.90/L
= Accessible market	€34.2M/yr
× Realistic 3-yr penetration	9%
Capturable potential at 3 years	≈ €3.08M/yr

Same logic as in animal health: census × penetration × price (or dose). Only the specialty channel is sized bottom-up; the rest are orders of magnitude.

03 Distribution channels ILLUSTRATIVE

Liquid milk in Spain moves mostly through modern retail (hypermarkets, supermarkets and discount). The other channels are small in volume, but not in margin or in fit for a premium product. Each channel asks for different things to enter.

CHANNEL	VOLUME SHARE	MARGIN PROFILE	ACCESS	WHAT ENTRY REQUIRES	PREMIUM FIT
Mass retail	≈ 82%	Low	Hard	Listing, minimum rotation, possible slotting fees, private label competes	Low
Specialty/health	≈ 6%	High	Easy	Assortment fit; store-level decision, not HQ	High
Direct-to-consumer online	≈ 4%	Medium-high	Medium	Cold-chain logistics, own acquisition, subscription for loyalty	High
Premium food service	≈ 8%	Medium	Medium	HORECA distributor relationship; specific format and service	Medium

Illustrative volume shares (order of magnitude); modern retail concentrates the vast majority of litres. Private label = retailer’s own brand.

Two technical reads, neither deciding anything. **Access barrier and margin run in opposite directions:** where it’s easier to enter (specialty) the margin is higher, and where the volume is (mass retail) access is harder and margin lower. And **decision power sits in different places:** in mass retail a central buying office decides; in specialty, the store itself. That completely changes the commercial effort for each channel.

CHANNELS: VOLUME SHARE × MARGIN PROFILE ILLUSTRATIVE



Bubble size indicates premium fit. Easy access and high margin cluster top-left (low volume); volume sits bottom-right, with compressed margin.

04 Value-chain split ILLUSTRATIVE

Of every euro the consumer pays for a litre of A2, who takes what? Illustrative split over a €1.90/L retail price in the specialty channel.



- Farm (with A2 premium)
- Genotyping + segregation
- Processing + packaging
- Logistics
- Marketing/brand
- Channel margin

LINK	€/L	% OF PRICE	COMMENT
Farm (with A2 premium)	0.55	29%	Farmgate price + premium for segregated A2 milk (farmer incentive)
Genotyping + segregation	0.10	5%	A2's own extra cost: separating collection and processing
Processing + packaging	0.35	18%	Treatment, packaging, quality control
Logistics	0.15	8%	Transport and cold chain
Marketing/brand	0.15	8%	Attribute communication, acquisition
Channel margin	0.60	32%	Higher in specialty; compressed in mass retail
Retail price	1.90	100%	Consumer price

Technical read. The A2-specific cost (genotyping + segregation) is only ≈ 5% of the retail price — small in euros, but it's the structural barrier of the whole category. The link that captures the most is the **channel** (≈ 32%): that's why choosing a channel changes not just the volume but the split of the euro. And the **farmer premium** is what sets the A2/A2 supply in motion. In mass retail, the channel margin compresses and the A2 premium dilutes.



05 Purchase drivers

What pushes people to buy A2 and what holds them back. Classified by driver type and by the strength shown by the Phase 2 survey and reference markets.

DRIVER	TYPE	STRENGTH	EVIDENCE
Digestive comfort (less discomfort)	Functional	High	Phase 2 survey + mature markets
Medical/nutritional recommendation	Prescription	Medium	Qualitative interviews
For children / family	Functional-emotional	Medium	International reference
Perception of «more natural/less processed»	Emotional	Medium	Assumption (unmeasured in ES)
Novelty / trying something better	Emotional	Low-medium	Assumption

Purchase barriers:

- **Price.** The premium (≈ +60% over standard premium milk) is the most-cited barrier outside the audience that already watches its diet.
- **Lack of awareness.** Many people don't know what A2 is or how it differs (this is GAP-01, the market's biggest source of uncertainty).
- **Confusion with «lactose-free».** The shopper may think they've already solved the digestive issue with a cheaper, better-known product.
- **Scepticism about the benefit.** Without a clear seal or endorsement, part of the public doubts the digestive claim.

Technical read. The purchase engine is **functional** (digestive comfort), not aspirational: that narrows who the product speaks to. The two strongest barriers —price and lack of awareness— are one of positioning and one of communication; neither is the product itself.

06 Competition analysis

Three fronts: other A2 brands (direct competition), the substitutes that already solve «the digestive thing», and adjacent functional dairy. The analysis is by positioning and price; market shares by brand weren't reached in this scope (GAP-03) and aren't invented.



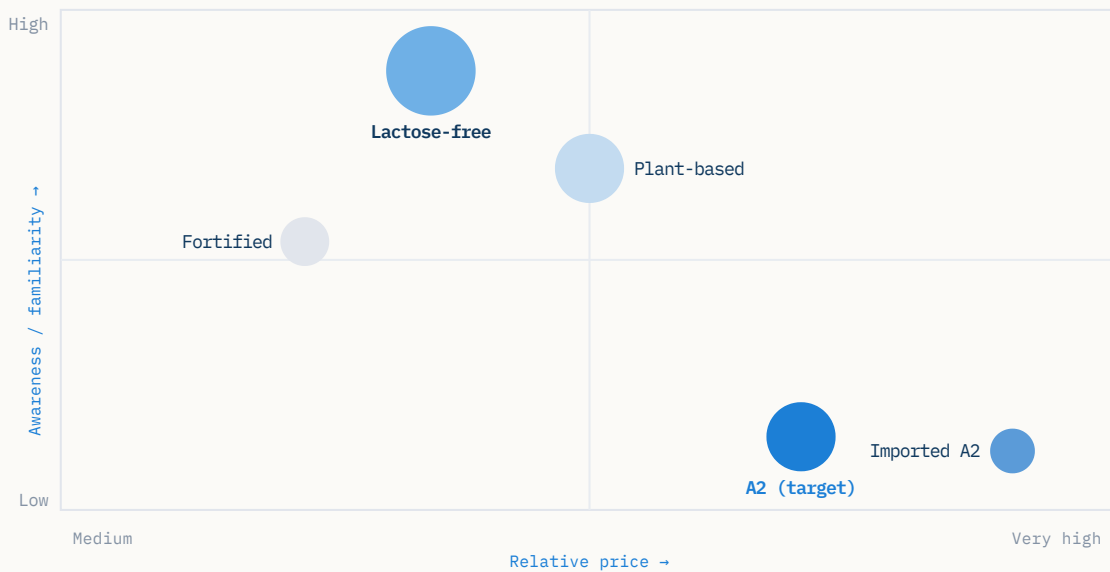
Illustrative design directions for the A2 carton, from functional to premium — the «shelf» the brand would contest. Generic, no real brand.

COMPETITOR / CATEGORY	PROPOSITION	REL. PRICE	CHANNELS	THREAT TO A2
Domestic A2 brands	Same A2 proposition	High	—	Near-zero today
Imported A2 brands	Premium A2, niche	Very high	Online, specialty	Low-medium
Lactose-free milk	«Light, easy on the stomach»	Medium	Mass retail (mass-market)	High
Plant-based milk	Dairy-free, «healthy»	Medium-high	Mass retail + specialty	Medium-high
Fortified (calcium, etc.)	Nutritional plus	Medium	Mass retail	Low

06 Competition analysis · positioning

Positioning map. The «normal milk but easier on the stomach» space isn't empty: it's held by **lactose-free milk** —mass-market, cheap relative to A2 and well known. A2 enters to contest that territory with a finer argument (beta-casein, not lactose) but harder to explain. Against **plant-based**, A2 competes for the «digestive» consumer who still wants cow's milk. A2's real opening is among those who already tried lactose-free and still have discomfort — but that subgroup is unmeasured.

POSITIONING MAP: PRICE × AWARENESS IN THE BUYER ILLUSTRATIVE



A2 would enter expensive and little-known (bottom-right); the affordable, familiar «digestive» territory is already held by lactose-free (top). Bubble size = threat to A2.

Technical read. Direct A2 competition is almost nonexistent, but the digestive territory is taken by entrenched substitutes. The battle isn't «A2 vs other A2»; it's «A2 vs lactose-free» for the same perceived benefit.



07 Supply (A2/A2 sourcing)

- **Where it comes from.** A2 comes from A2/A2 cows. What share of the Spanish herd qualifies isn't consolidated (GAP-04); the dominant breed (Holstein-Friesian) doesn't have an especially high A2/A2 frequency, so available supply may be tighter than it looks.
- **What it costs.** Genotyping is cheap; what's expensive is segregation: separating collection and processing so A2 isn't mixed with regular milk. It's an operational and logistics cost (≈ 5% of retail price, see value chain).
- **Why it matters.** For a «new» product, the limit is upstream (genetics + separate collection), not at the consumer. That inverts the usual order of a launch.

08 Regulation and labelling

- «More digestible» is, legally, a health message; EU Regulation 1924/2006 restricts unauthorised claims and AESAN polices them.
- Using «A2» as an ingredient description is simpler than promising an explicit digestive benefit. Regulation conditions **how** it's communicated, not whether it can be sold.

09 Underlying trends

TREND	DIRECTION	WHO IT AFFECTS
Dairy premiumisation	Drives	Premium/functional category
«Better-for-you» / digestive	Drives	A2, lactose-free, fortified
Lactose-free well established in ES	Brakes	A2's «digestive» positioning
Falling base-milk consumption	Brakes	Total market volume
Sustainability pressure on dairy	Brakes	The whole chain, medium term

10 Market insights

What the data says when cross-referenced. Observations, not recommendations: none say what to do.

01 A2 enters the only growing part of the dairy market.

Base milk falls; premium and functional rise. The product is born in a favourable current.

02 The bottleneck is supply, not demand.

The limit is how much A2/A2 herd exists and segregating its collection, not convincing the consumer. Atypical for a new product.

03 A2's own cost is small; the channel takes the euro.

Genotyping + segregation is \approx 5% of retail price; the channel margin, \approx 32%. Choosing a channel changes the split, not just the volume.

04 The purchase engine is functional, not aspirational.

It's bought for digestive comfort, not status. That narrows who the product speaks to and which message works.

05 The «digestive» territory already has an owner: lactose-free.

The real battle isn't A2 vs other A2, it's A2 vs lactose-free for the same perceived benefit, and the rival is cheaper and better known.

06 Access and margin run in opposite directions by channel.

Where it's easy to enter the margin is high; where the volume is, access is hard and margin compresses. Two different businesses under the same product.

07 Demand exists, but its breadth is unmeasured.

Those who watch their diet pay the premium; how many people that «who» is holds the market's greatest uncertainty.

08 Regulation limits the message, not the product.

The benefit exists, but communicating it as a health claim is restricted. The marketing lever is narrower than the product suggests.

11 Reliability map

Depth and reliability of each piece: promised (v1) vs achieved (v2).

DIMENSION	PROM.	ACH.	SOURCE	CONFIDENCE	GAP
Liquid milk market size	G1	G1	MAPA + MERCASA	High	—
Premium/functional segment	G1	G1	MERCASA + Eurostat	Medium	—
Channel structure (volume)	G1	G1	MERCASA + FENIL	Medium	—
Value-chain split	G2	G1	Public benchmarks	Medium	—
Purchase drivers	G2	G2	Phase 2 survey + intl	Medium	—
A2 awareness in ES	G1	G1 part.	Public studies	Low	GAP-01
Willingness to pay a premium	G1	G1	Phase 2 survey	Medium	—
Direct A2 competition (posit.)	G3	G3	Stores and websites	High	—
Substitute competition	G3	G3 part.	Price lists and stores	Medium	GAP-02
Market share by brand	G3	None	—	—	GAP-03
A2/A2 herd in Spain	G2	G1	Genetics literature	Low	GAP-04
Cost to genotype and segregate	G1	G1	Lab price lists	Medium	—
Regulation and labelling	G1	G1	AESAN / EU 1924/2006	High	—
Access to each channel	G2	G2	Phase 2 interviews	Medium	—
Market size (calculation)	G1	G1	Own calculation	Medium	—

12 Gaps to close

ID	WHAT'S MISSING	WHY IT MATTERS	HOW IT'S CLOSED
GAP-01	A2 awareness and demand in ES	Demand's biggest source of uncertainty	Demand survey (n≥600)
GAP-04	How much of the Spanish herd is A2/A2	Sets the real supply limit	Cross-check with genetics and breed associations
GAP-03	Market share by brand	Sharpens the size being competed against	Nielsen/Circana panel (extra cost)
GAP-02	Premium food-service prices	Minor	Food-service mystery shopping

Closing GAP-01 and GAP-04 turns the two low confidences into medium-high. It's the natural scope of a next research cycle, not a recommendation to do it.

13 Appendix — Assumptions and sources ILLUSTRATIVE

Every figure comes from the assumptions sheet. The main ones for this demo case:

- A2 price = **€1.90/L**, \approx **+60%** over standard premium milk (\sim €1.20/L) — source: retail prices, 2025.
- Value-chain split — source: public dairy-sector benchmarks, allocated over the A2 retail price (illustrative).
- Volume shares by channel — source: MERCASA / FENIL, order of magnitude.
- Base penetration = **9%** of the channel's target consumption — source: Phase 2 survey + observed receptivity.
- Liquid milk consumption per person \approx **70 L/year** — source: MAPA consumption panel.
- Permitted on-label messages — source: AESAN / EU Regulation 1924/2006.

Any figure without an explicit source or assumption is, by Market Brain's definition, a weak point of the report — and there's none here.

On scope. This is a market report: technical context, insights and gaps. The actionable read — which channel meets conditions and in what order to move — is a separate output the client can request. Here, deliberately, no decision is made.