What's the state of the Free From market and how did it perform in 2016?

The Free From market is in very rude health, with growth in the region of 26-27%. That's an outstanding result, especially when you compare it to the negative growth and stagnation that is seen in other FMCG categories. If there is a star in the Free From sky, it's Lactose-Free. The growth rates, the rate of product development, the weight of marketing investment behind the leading brands, and the expansion of distribution mean that the category is set for very rapid growth. Allied to this, whilst not technically Free From, is the lively growth of dairy alternatives such as oat milks, almond milks, soy, hazelnut etc.

What's your assessment of its growth potential in Europe in the next few years?

I can't see much on the horizon that is likely to slow down the rate of growth. The interest that consumers have in 'health' is going to continue. Awareness of the benefits of Free From is growing as education and brand advertising play their role. In addition, growing acceptance within the health industry of the role of no-gluten products is increasing and this is also filtering through into the category numbers. However, it is likely that growth will continue to be predominantly from the 'lifestyle' Free From segment rather than from core coeliacs.

Do you foresee any new trends in the industry?

FODMAPS is an area where there is growing interest. There are some really interesting examples of innovative companies doing great work in this area. What it needs is a retailer brave enough to see the own label opportunity and develop products. My money is on the German and Austrian retailers being first out of the blocks.

High Protein is a wave that is breaking across all of grocery and I feel Free From is very late to the party. It would be good to see Free From brands looking at ways to boost their protein content to appeal to this trend.

There is an increasing focus on Vegan. Free-From and Vegan have a significant overlap and in the core markets of Germany and the UK and to a lesser extent Italy and France, consumers are increasingly looking for Free From products to be Vegan wherever possible. This isn't always possible, but is something that should be on the product development agenda of Free From brands.

What challenges need to be overcome in 2017?

There is still a pressing need for Free From brands to improve their nutritional profile. Due to the difficulties of product formulation, many Free From products have a nutritional profile that is significantly worse than their conventional alternatives. Brands need to continue the good work to reduce the major macronutrient values across salt and sugar in particular and, to an extent, saturated fat.

Are distribution companies meeting the increased demand for Free From products?

Generally the European grocery chain works well on Free From. Part of the 'benefit' of Free From commanding a premium over conventional products is the additional value that manufacturers, wholesalers and retailers can drive from sales. This additional value finds its way up the value chain and acts as an incentive to innovation for manufacturers to differentiate products and for retailers to allocate more space to Free From as it is sold at a margin higher than the subcategory average. Therefore, you can see the increases of space allocations given to Free From in the context of a logical economic decision. However, retailers are also competing to offer the best Free From range, which is another positive dynamic.

What do supermarkets need to improve to better meet consumer demand?

There needs to be more focus on the innovation and range extensions of chilled Free From products – particularly the fast moving lines such as recipe dishes, soups, sauces and dips. These are areas where Free From consumers have needs and currently not a huge choice. Many of the solutions are frozen propositions. From a shelf life perspective this is logical, but in other categories the convenience offer is far greater in chilled. So if I had to pull out one area I would say Ready Meals are somewhere where there is a large opportunity.

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