



The Dairy-Free Boom

Free From Food Expo, Barcelona, June 2017



FREE FROM
FOOD EXPO

Today's presentation

Growth of
dairy-free

Boom in plant-based innovation and expansion of
vegan positioning

The drivers

What was niche is now mainstream
Flexitarianism, not veganism

Engaging
consumers

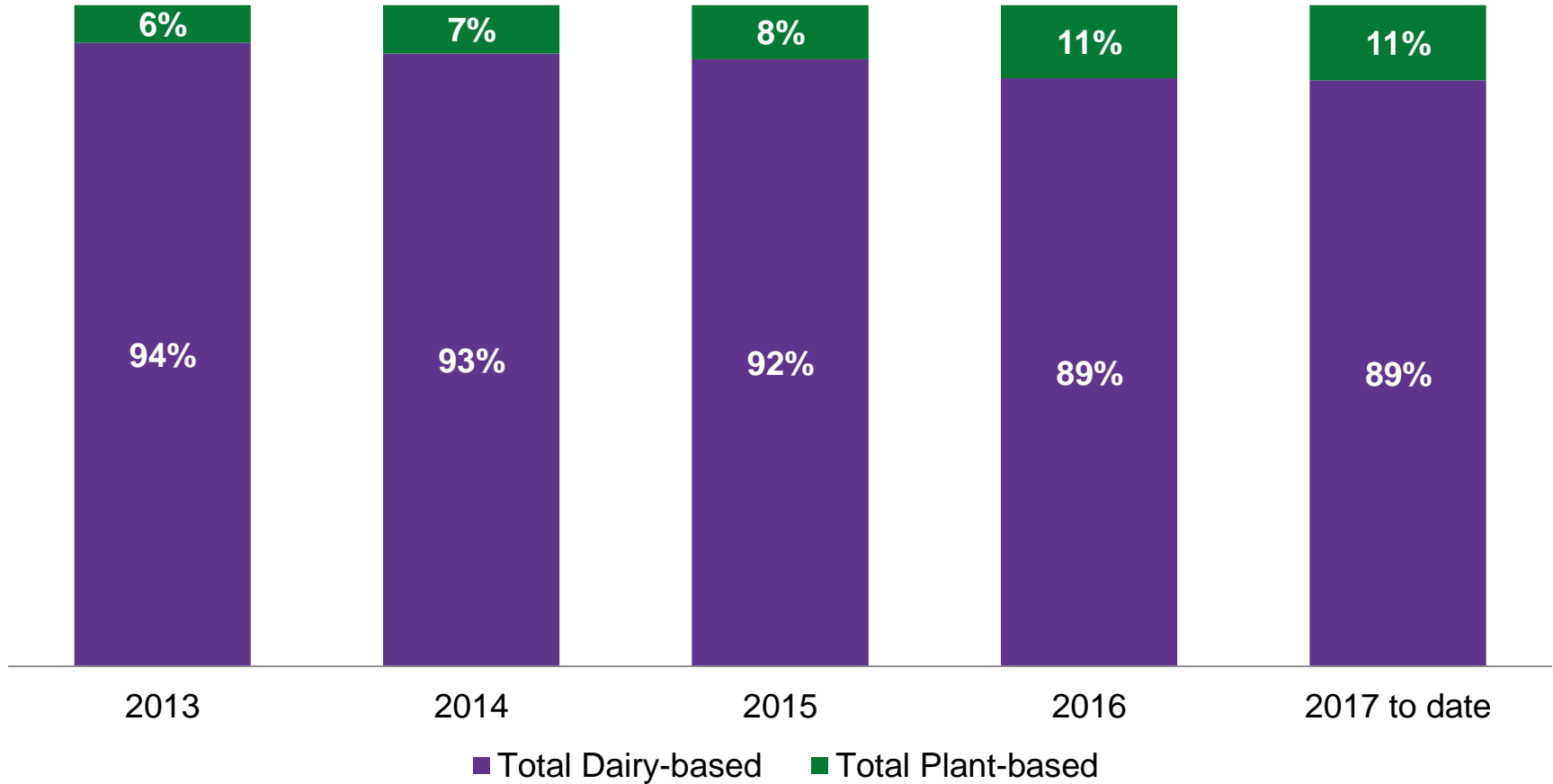
Taste, health, ethics and the environment as platforms

Where next?

Potential future directions

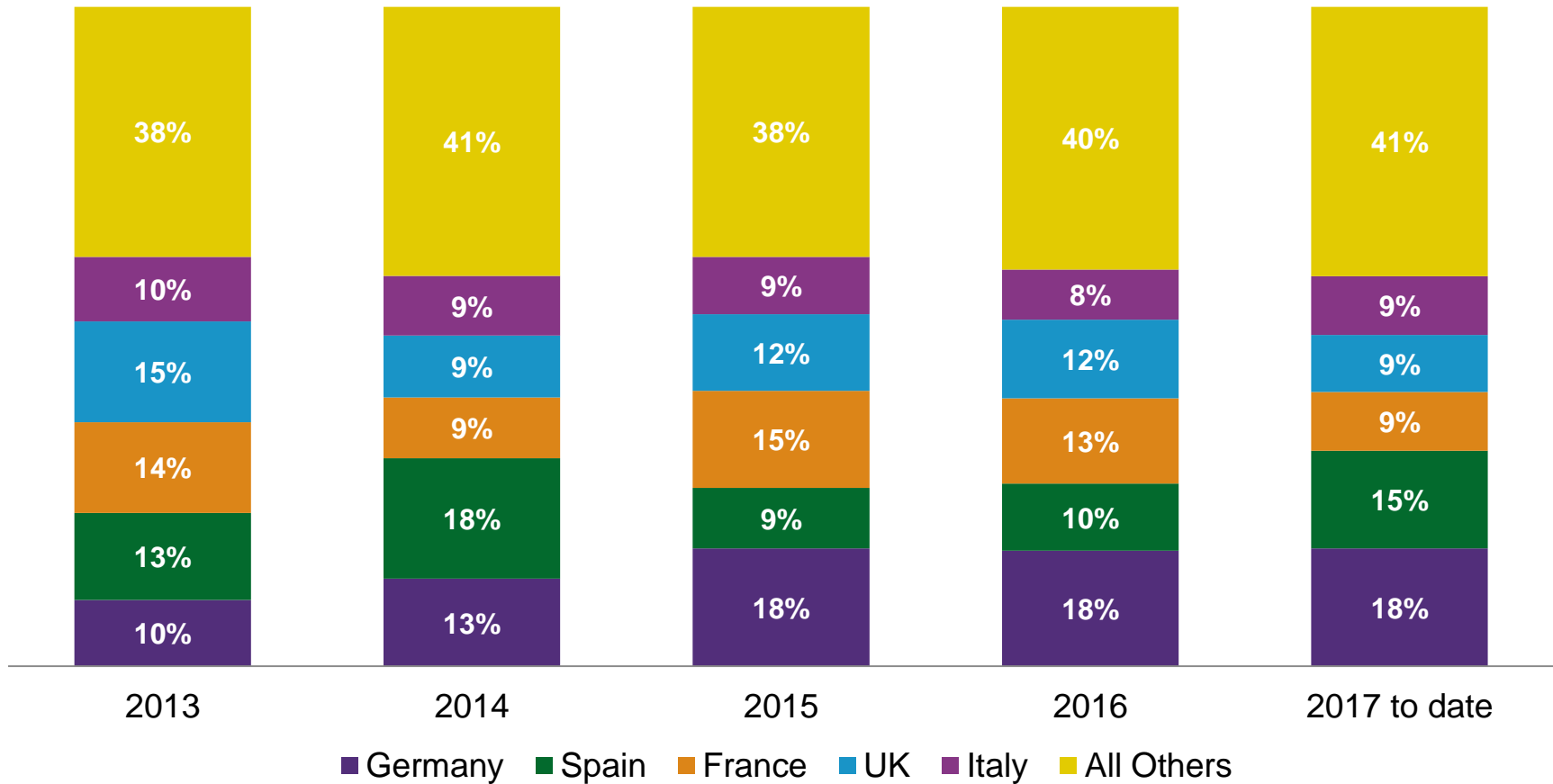
Plant-based products now account for 11% of all 'dairy' NPD

Total European NPD in milk, yogurt and desserts,
by dairy- or plant-based



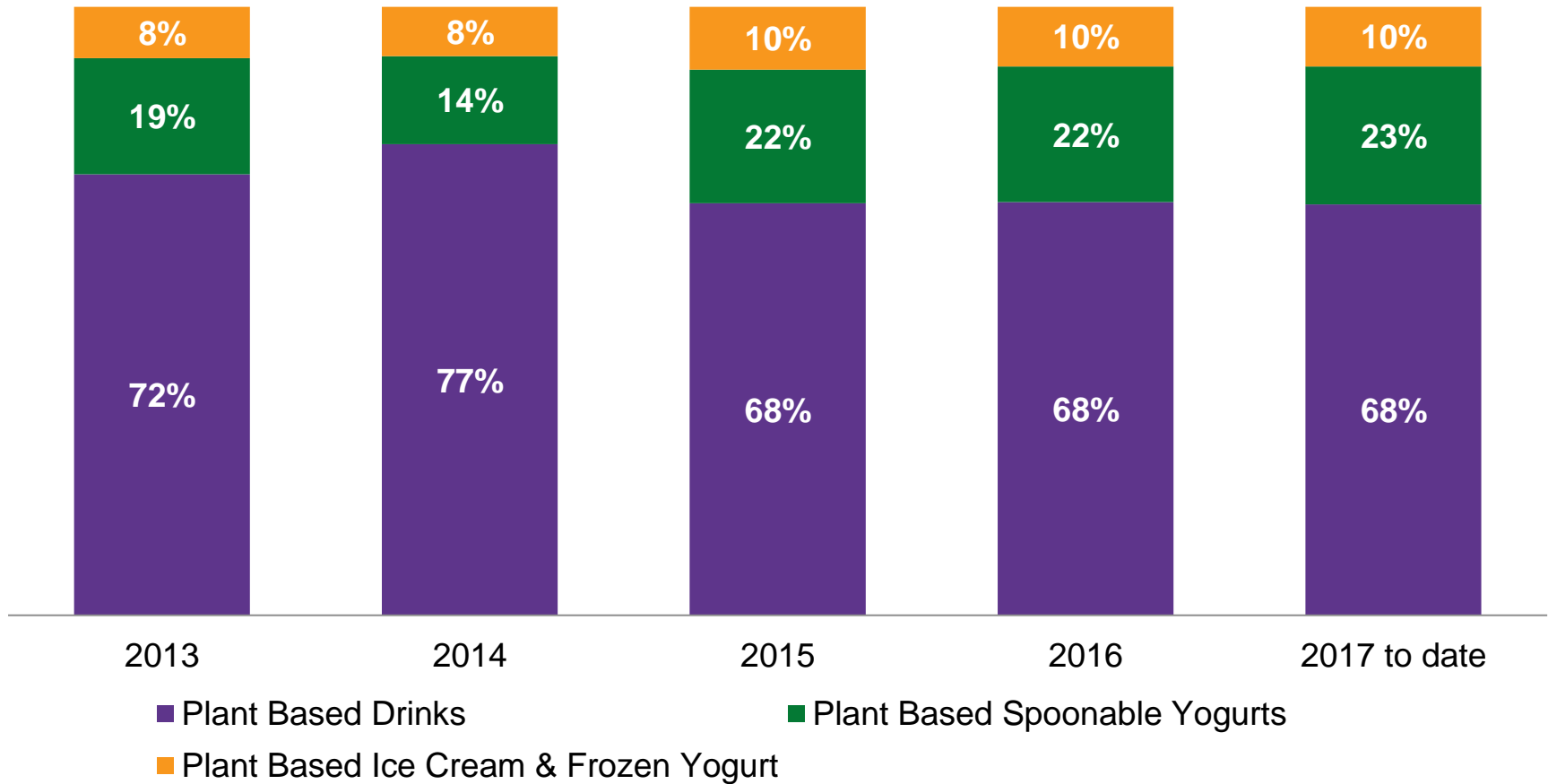
Germany shows a strong lead in plant-based innovation

Plant-based yogurt, milk and desserts NPD in Europe, by country



Launches up in all segments, but greater focus now on yogurts

Plant-based yogurt, milk and desserts
NPD in Europe, by segment



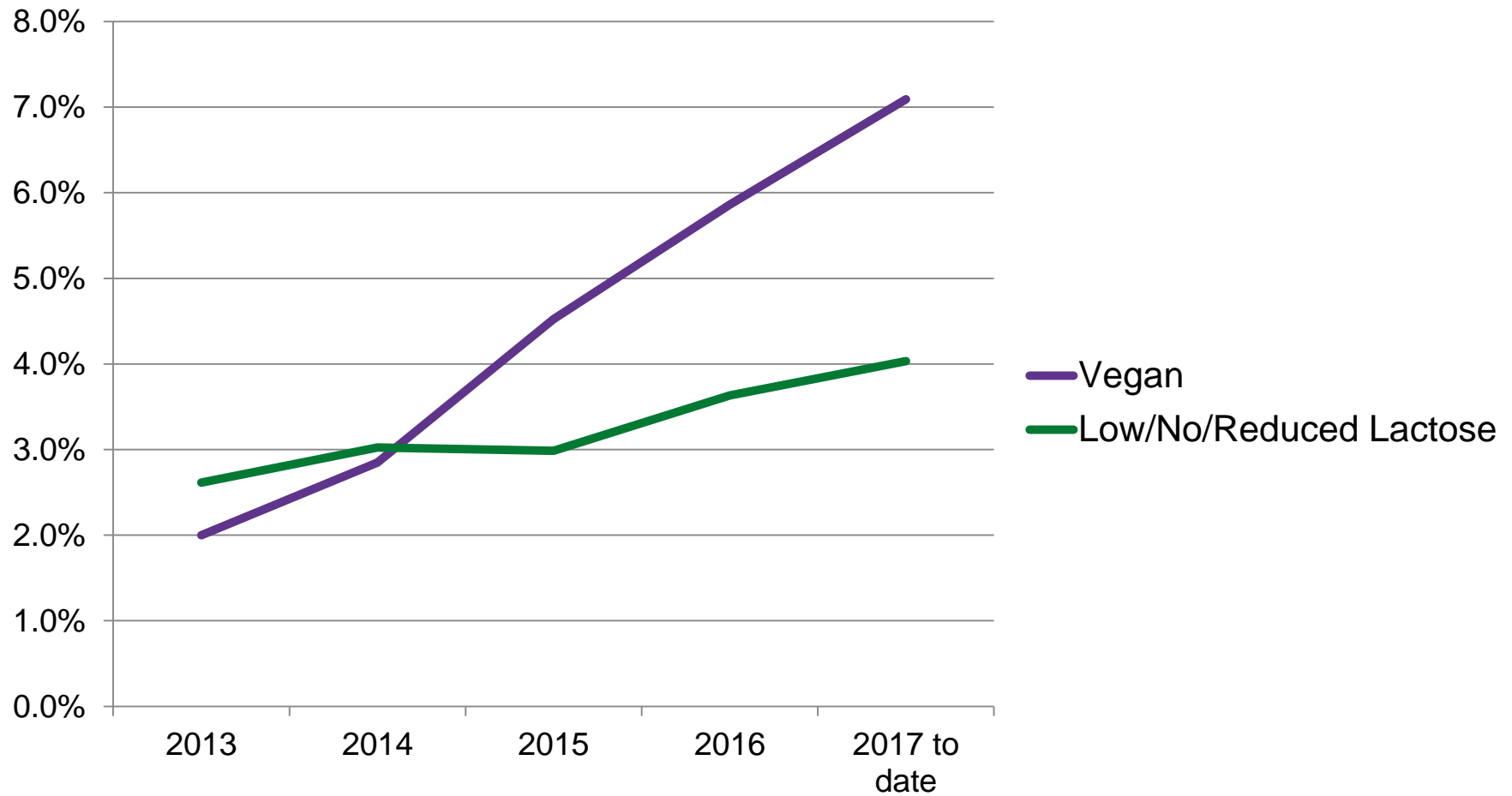
The big picture:

**“Eat food. Not too much.
Mostly plants.”**

Michael Pollan, *In Defence of Food: An Eater's Manifesto*

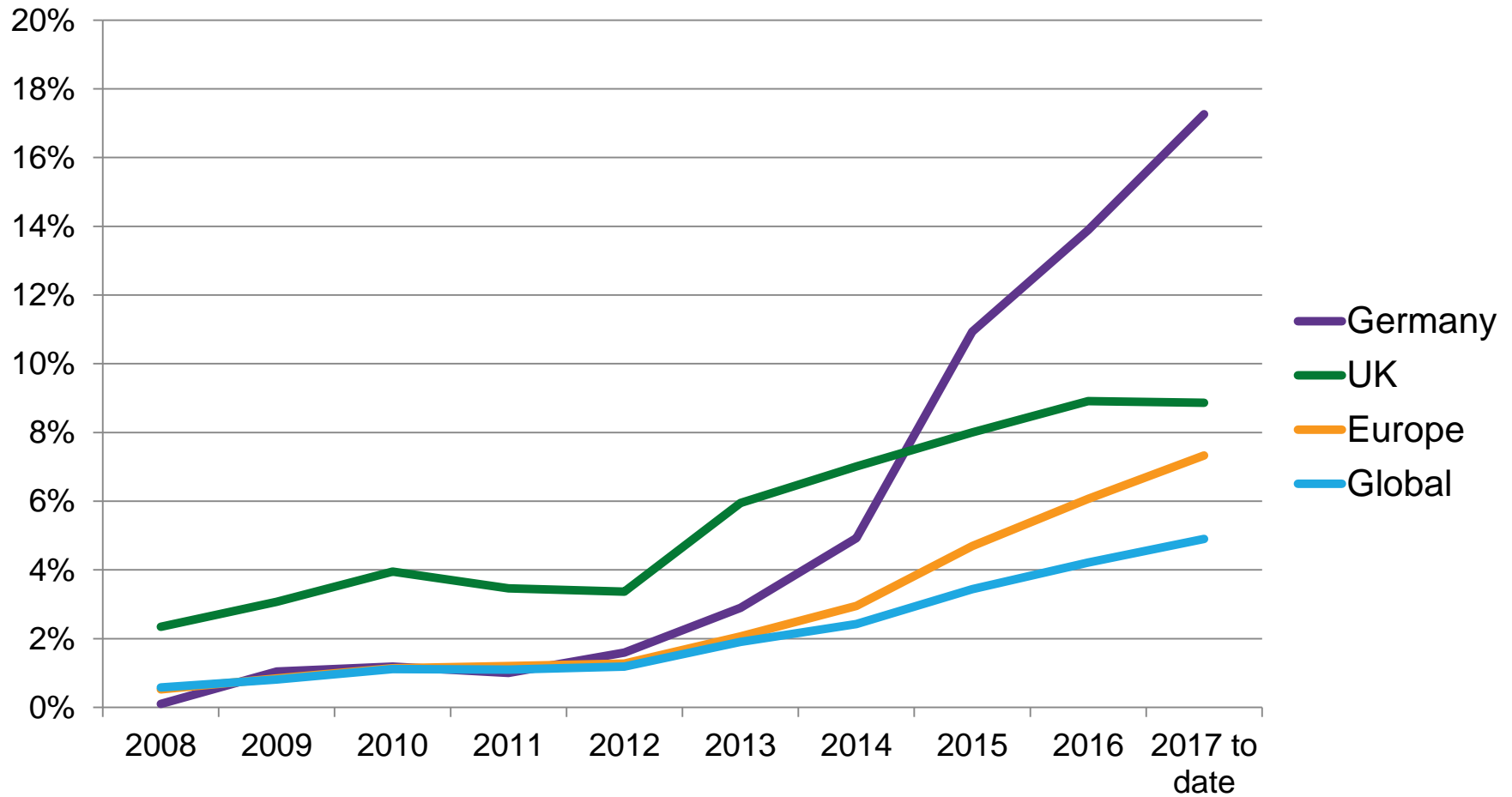
NPD booms in vegan foods, grows in low/no lactose

European food & drink new product introductions
labelled vegan or no/low lactose, as % total NPD

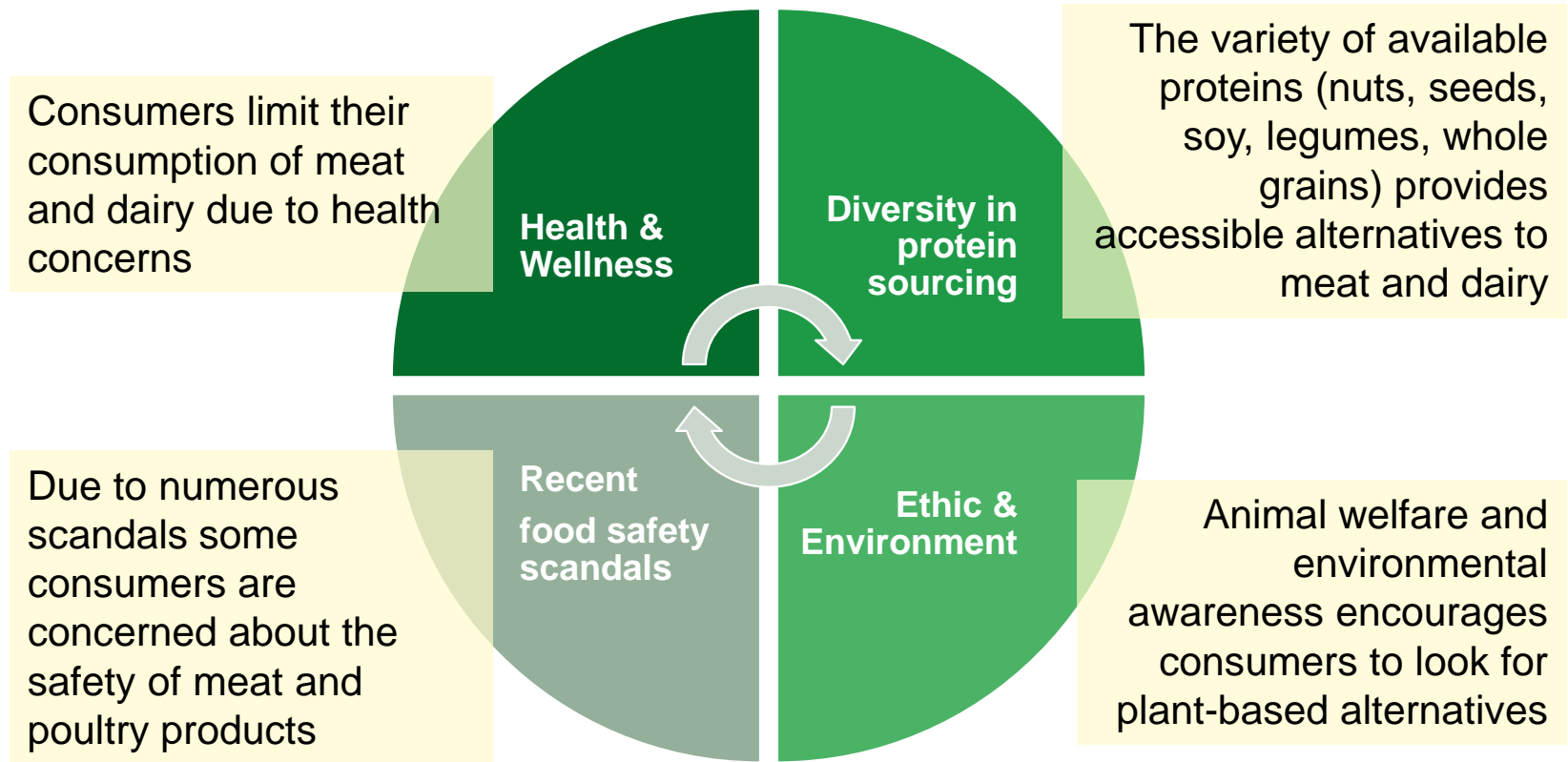


Close to 1 in 5 new products in Germany is 'vegan'

European food & drink new product introductions labelled vegan, as % total NPD



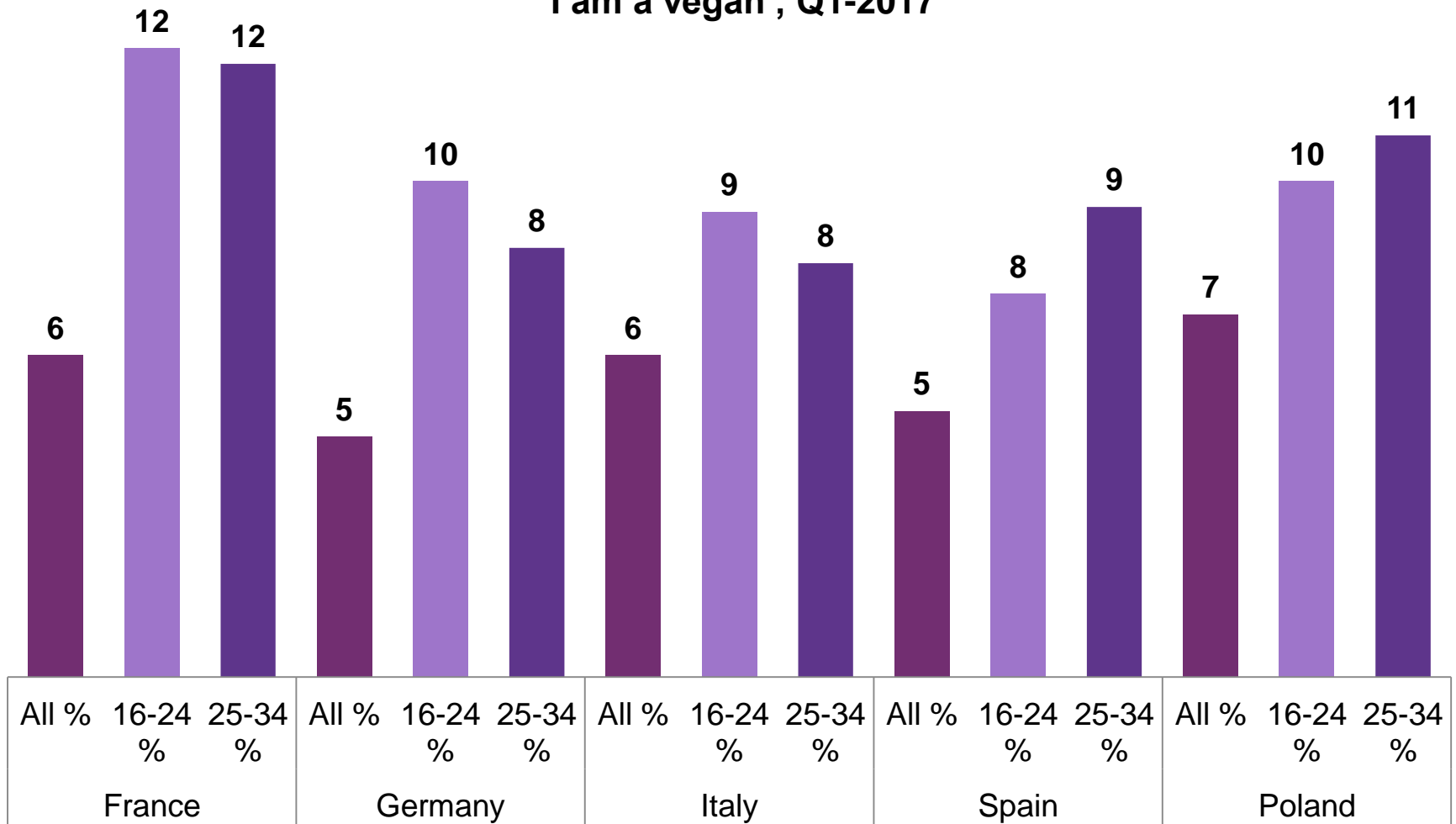
Multiple factors explain the growth of plant-based diets



→ A shift from niche vegetarians & vegans to mass market flexitarians

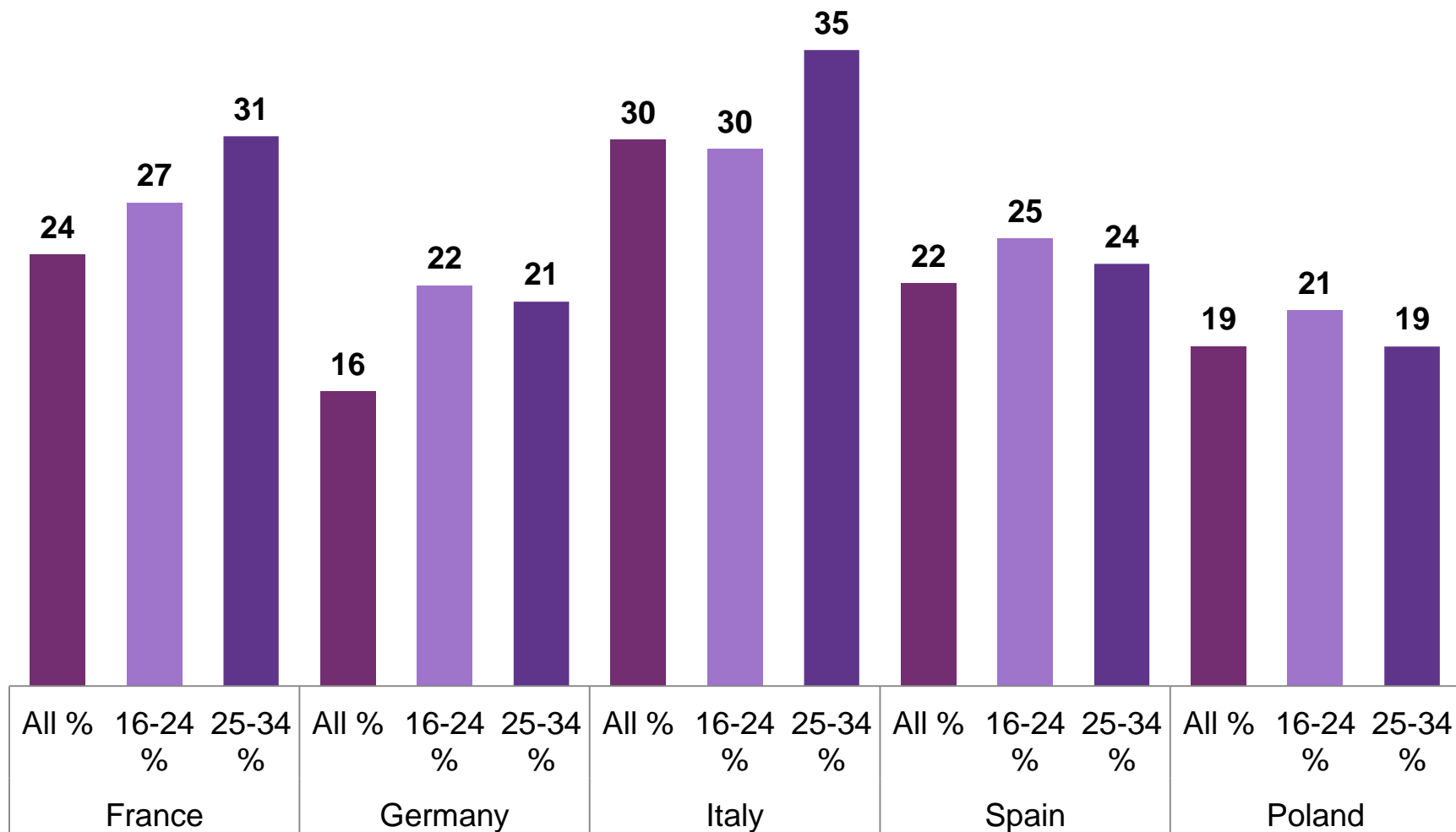
Veganism is strong among young adults...

'I am a vegan', Q1-2017

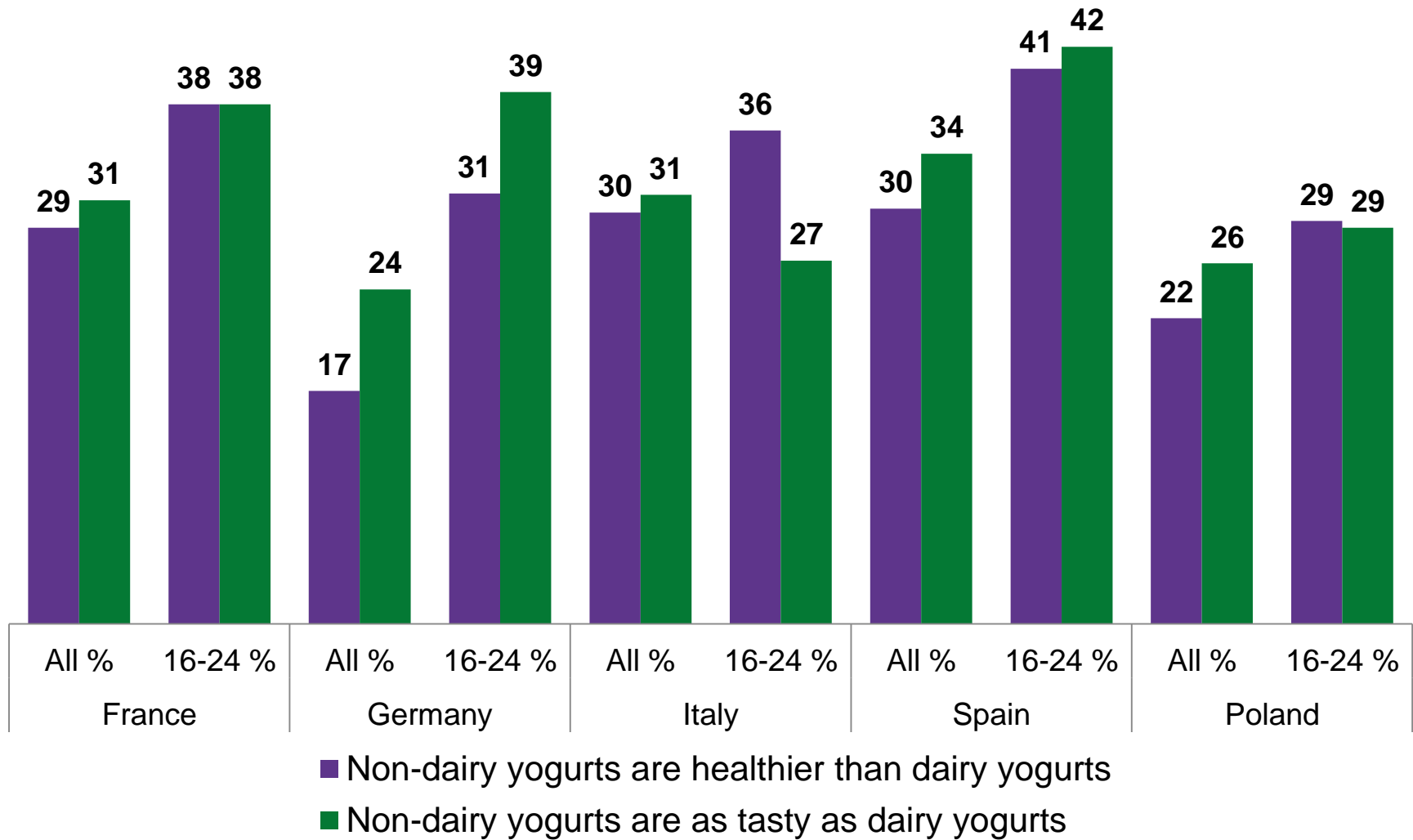


But many more avoid or reduce dairy consumption

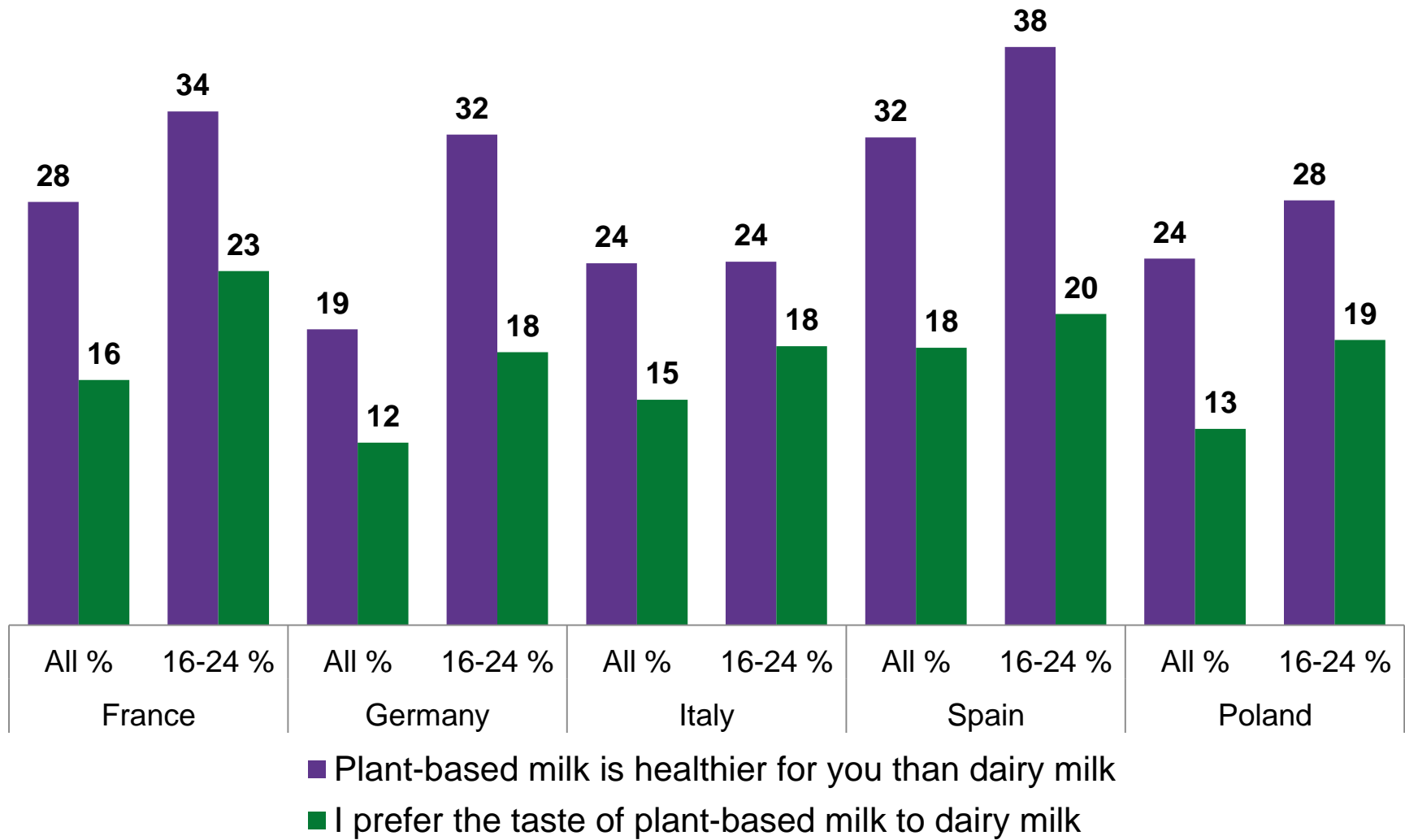
'I am actively reducing my consumption of, or avoiding, dairy', Q1-2017



Non-dairy yogurts are widely seen as healthy & tasty

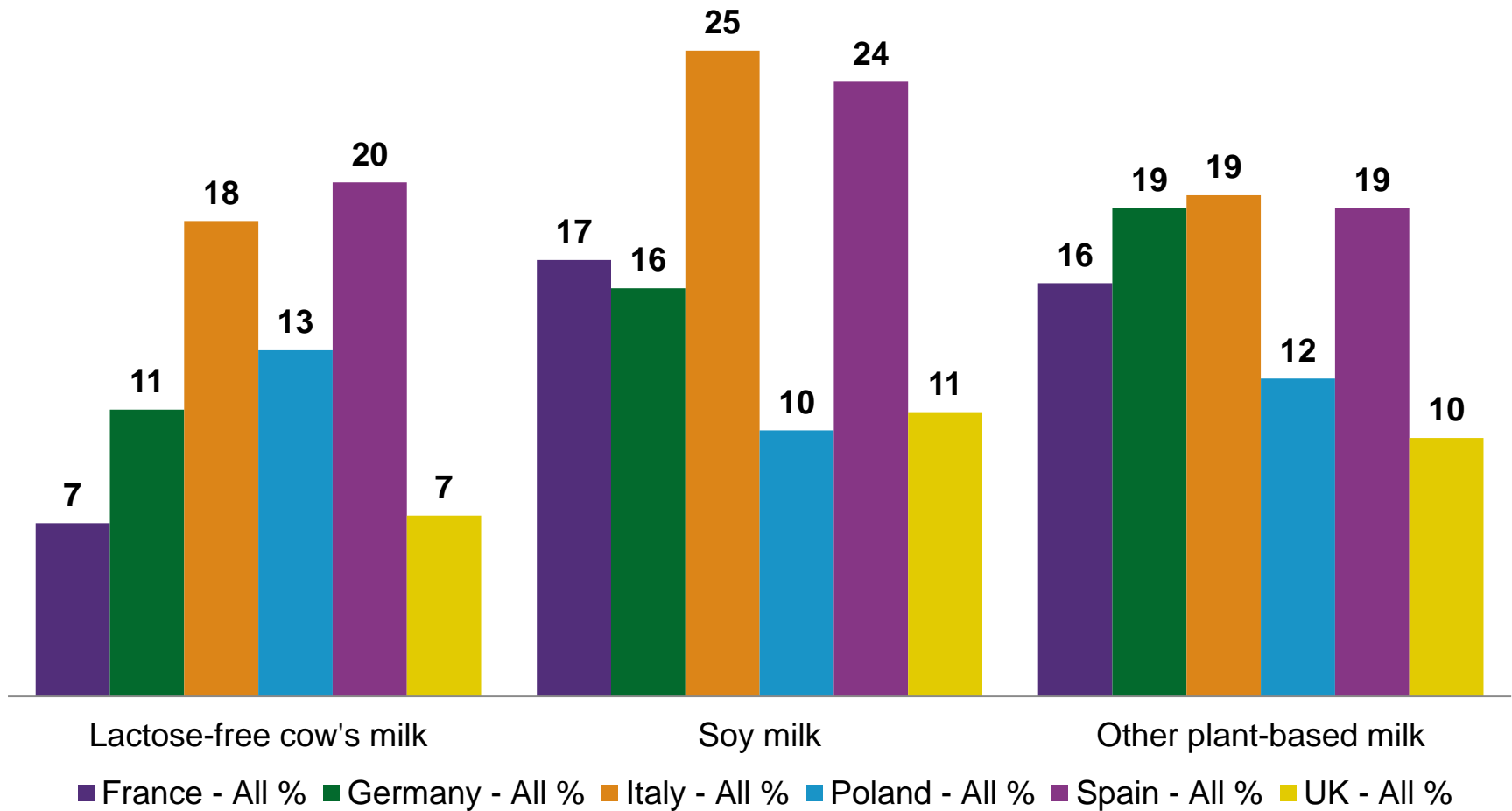


Plant-based milks score well on health, less so on taste



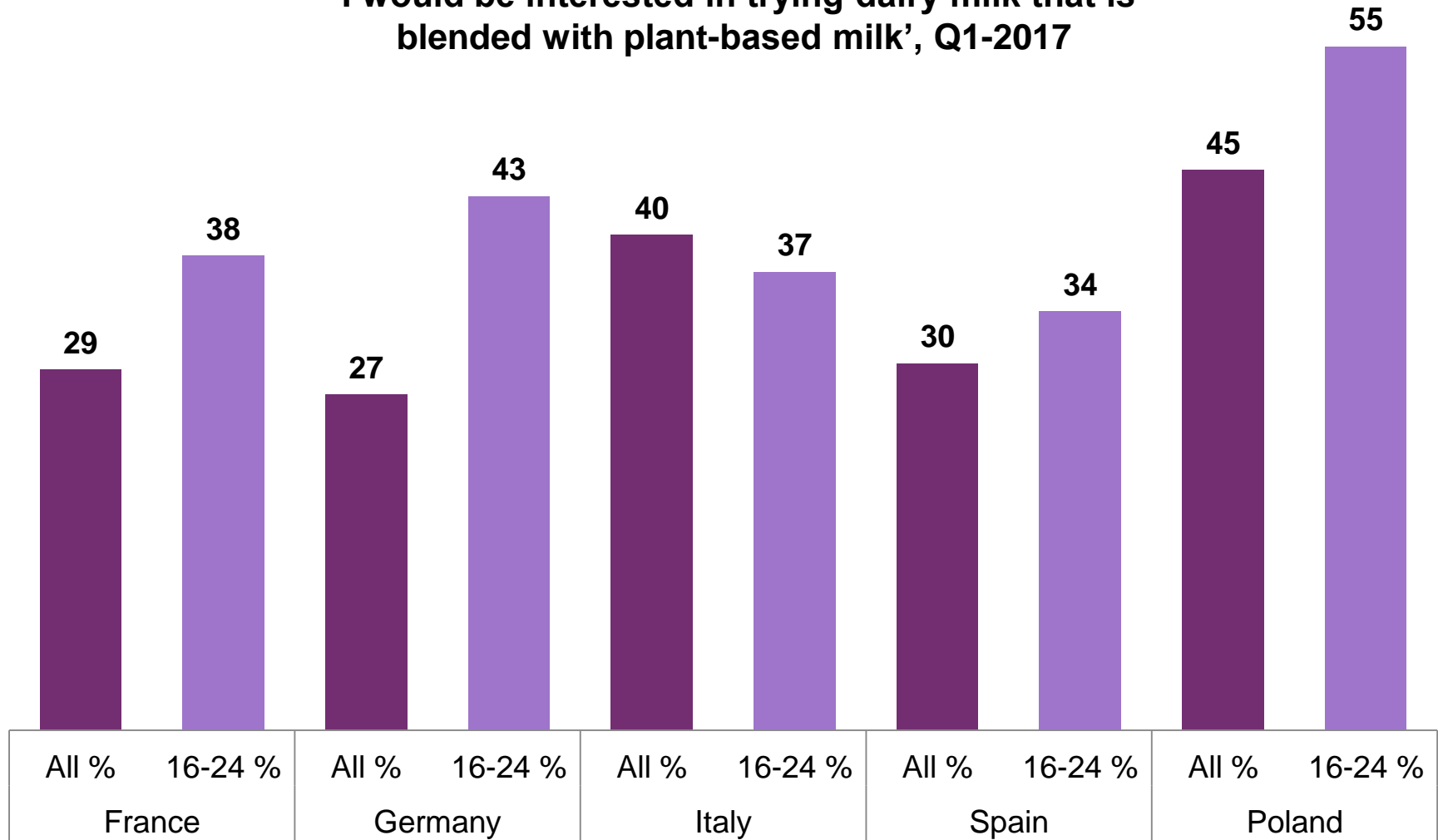
Lactose-free dairy is being overtaken by plant-based

'Have personally used...', Q1-2017



It's all about flexitarianism...

'I would be interested in trying dairy milk that is blended with plant-based milk', Q1-2017



Brands market around three key platforms

Health



Ripple Original Plant Based Milk, USA, made from yellow peas high in protein, rich in vitamins and minerals



Fresh Market Unsweetened Vanilla Almond Drink, USA, a naturally nutritional alternative rich in antioxidants and calcium

Taste



Lima Organic Mocha Flavoured Rice Drink, Germany, made with a delicious combination of roasted cereals & chicory



Alpro Go On Plain Soy Yogurt, Europe, features a lovely fresh taste

Ethics



Kite Hill Artisan Almond Milk Yogurt, USA, said to be better for the environment



Provamel Organic Rice-Coconut Milk, France, CO2 neutral production process

Alpro (soy-based) yogurts lead top-selling new products

Alpro Natur with Coconut / Almonds



Said to have a silky texture and a refreshing coconut flavour.

Launched May 2015, two varieties sold €6.6m in first year; also a hit in other European markets

Alpro Go On



Targets high protein snacking and indulgence, with a thick and smooth texture, 'lovely fresh taste', added calcium and vitamins

Three SKUs in Germany sold nearly €6m in first year

Boom in coconut milk yogurts, mostly from specialist players



Whollees (Germany), Harvest Moon Coconut Milk Yoghurt, also sold in Austria, Netherlands, Switzerland, Portugal



The Coconut Collaborative Coconut Milk Dessert. made with the milk from one whole coconut, selling well in Germany and France, also now in Netherlands and Austria as well as the UK

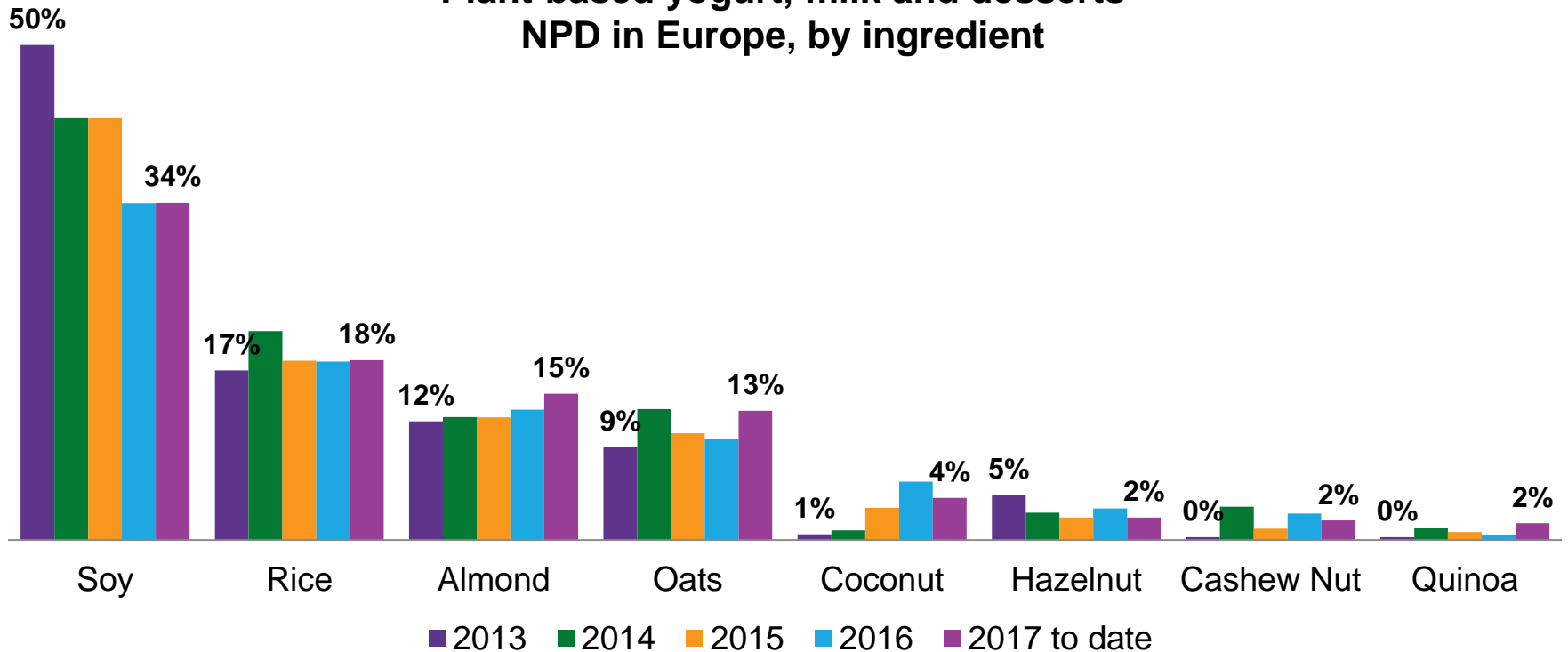


Lucy Wagner Foods' Pudology Yogs Coconut Yogurt, "beautifully indulgent and delicious" (UK)

Indeed, it's less and less about soy...

- Although numbers of new products are up, use of soy is in decline
- Almond, oats, coconut are the ingredients showing most growth

Plant-based yogurt, milk and desserts
NPD in Europe, by ingredient



Dairies go vegan...

Molkerei Söbbeke, Germany



Organic, vegan, rice desserts, based on rice, coconut milk, lupine flour and other vegan ingredients

Emmi, Germany



Soja Vit Organic Bircher Muesli, vegan fermented soybean base with 35% fruit and cereals

Non-dairy ice cream next to boom? Ben & Jerry's a tipping point?



- USA, Ben & Jerry's Non-Dairy Frozen Dessert made with almond milk.
- Non-GMO ingredients, made with Fairtrade sugar, cocoa and vanilla, suitable for vegans.
- Launched in February 2016, **sales of c. \$35m in first year**, across 4 varieties

Conclusions & points for the future

Don't be just a substitute

Long-term success means moving on from the substitute image and accentuating the tastiness, texture and intrinsic benefits of plant-based ingredients

Appeal to flexitarians

Appeal to consumers who also eat meat or dairy – future growth is among “flexitarians”, rather than consumers who opt for 100% vegetarian or vegan diets.

Taste/quality

In the mainstream, taste and price are always the key factors that determine purchase.

Innovation & the entrepreneurial spirit

Smaller, specialist players provide real differentiation and ‘romance’ the (Millennial) consumer
But look out for the major players...

POWER TO THE PLANTS

A Mintel 2017 Food & Drink Trend

The preference for natural, simple and flexible diets will drive further expansion of vegetarian, vegan and other plant-focused formulations



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