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Plant-Based Dairy - An Emerging Segment in Sustainability

The plant-based milk market is a niche segment with a growing number of consumers opting for plant-based milk substitutes due to many reasons. However for this category to evolve further and become mainstream with a few milestones to achieve.

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achieve.

Sustainability is no longer just a passing trend in the food and beverage (F&B) industry right now, but is slowly becoming the '*Way of Working'* which is deeply embedded into the core commercial strategy of any responsible organisation which is future-forward. All critical pivot points across the value chain including (but not limited to) sourcing, production, operations, packaging, labelling, consumer/customer communication and consumption guidance, are all now repositioning themselves to be aligned to the overarching commitments of UN Sustainable Development Goals (SDGs) 2030. Many countries and organisations have included sustainability considerations in their dietary recommendations as well. The term "sustainable diet" was coined to maintain long-term health, while reducing the degradation and use of natural resources.

There has been a paradigm shift in the way people view and consume foods now. In recent times, people have become conscious of what they eat for two main reasons- to lead a healthy lifestyle and to contribute to a sustainable planet. According to the Food and Agricultural Organization of the United Nations (FAO), one-fifth of the total global greenhouse gas emissions is from the livestock sector. Based on the available literature, dairy products have a higher environmental footprint per unit mass when compared with plant-based dairy alternatives. This is apparent with the rise in conversation around certain specific products &/or foods like plant–protein options, vegan products, planet–friendly food options etc. Amongst these, plant-based products are the most popular amongst users and this trend is gaining traction not only in India but also globally. The visibility of this trend is evident from the launch of vegan products to vegan cooking classes, vegan tours, vegan conferences and vegan e-tailers. Some very specific and emerging benefits attributed to this shifting preference are centred around improved dietary lifestyle (especially related to heart health and weight management), lactose free options, foods considered to be future-fit for a healthier planet.

Amongst plant-based products, the plant-based milks category has been emerging more steadily as compared to others and today the global plant-based beverages market size is valued at $22,859.4 million in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 14.3 per cent from 2021 to 2028.

Plant Based Beverages

Plant-based milk is a milk substitute that is lactose free made from plant extracts like almonds, soy, nuts, coconut, rice, etc. Plant-based beverages have similar amounts of carbohydrates (3 to 5 per cent) but are generally lower in protein (<1 per cent) and fat (<1.5 per cent). The exceptions are oat drinks, which contain considerably more carbohydrates (~7 per cent), and soy drinks, which contain protein in similar amounts to milk (3-4 per cent). Dairy based milks (eg; cow's milk) is an excellent natural source of good quality protein and also provides many vitamins and minerals, such as calcium, vitamin B12 and zinc. However, plant-based milk will have to be fortified with calcium and vitamins to overcome this gap and provide holistic nutrition.

While globally many forms of these milks and beverages have now become part of the food basket, in India it is growing at a different pace. Of these plant-based alternatives, the soya milk segment has a dominant market due to higher awareness and easy availability due to a large number of players. Almond milk is the second most-consumed plant-based milk in India. However, they may have different target consumer bases and kitchen-usage as compared to regular milk-based products.

According to Businesswire, the Indian dairy alternative market is projected to grow at a CAGR of 21 per cent to reach around Rs 5000 million by 2024. The availability of vegan products, better supply channels, rise in online shopping are factors contributing to the growth. North India contributed to around 40 per cent of the alternative dairy share market as of 2018. The growing popularity of plant-based milk is apparent from the fact that local as well as multinational companies are foraying into this segment. Any evolved consumer who chooses to move or experiment with this category is spoiled for choice (the market includes products made from soy, almonds, cashew, coconut, hazelnut, oats and walnuts etc.).

Consumer Preference is the Key Driver

The important factors considered by consumers in choosing a product include cost, flavour, nutrition, availability, affordability, daily consumption habits and sustainability or a mix of these factors depending on individual preferences. Plant-based milk is generally more expensive (nearly 3 times depending on the variety of milk) compared to dairy milk and can appeal only to a niche segment that is not price-conscious. Plant-based milk has a different flavour, texture

and taste and hence requires awareness and acceptability, eco-system support, including cooking (making coffee/ tea/ setting curd etc) knowledge. Hence the consumer has to develop a taste and a lifestyle- which would be different from what they are typically used to. Awareness, acceptability and availability at the right price would be important for consumers to adopt plant-based milk on a larger scale.

At ITC Foods, we believe in the motto of : "*Help India Eat Better*" and we, being a responsible organisation, are constantly evaluating trends and opportunities which are science-based and consumer-led. We recognise that anything that is *"good-for-health*" and *"fit-for-the-planet"* is surely an important area of both research and understanding. We have recently launched two plant-based, vegan products in the market for consumers under our ITC Master Chef IncrEdible brand:The Incredible Burger Patties and Incredible Nuggets. The objective is to provide consumers with plant-based products without compromising on quality or taste.

Plant-based diets have surely become popular with their increasing footprint across social media as well, and hence the increasing trend towards a healthy and sustainable lifestyle, while contributing to a better planet. The pandemic has also contributed to this increased awareness. The plant-based milk market is a niche segment with a growing number of consumers opting for plant-based milk substitutes due to many reasons. However for this category to evolve further and become mainstream there are few milestones that have to be focused on– in terms of- Affordability, Accessibility and Consumer Taste preference.

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