"Free-from" foods: Why they're here to stay

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"Hold the gluten." "No dairy, please." "I avoid products with artificial ingredients." These demands have become as ubiquitous in the food industry as sliced bread.[1,2] In fact, the concept of "free-from" foods has had one of the most astounding – and in some ways perplexing – rises in food product trends.

It began more than a decade ago with the emergence of gluten-free foods, and has since shown little sign of abating, even though the category has a number of issues, including a lack of clear definition, conflicting consumer expectations, as well as a variety of challenges for food manufacturers.

So what makes this category so prevalent?

That is not an easy question to answer. The "free-from" category has expanded well beyond gluten-free or fat-free to include broader consumer demand for products that are free of ingredients that they perceive negatively. It should be noted that the gluten-free trend was originally related to celiac disease and potential biological and physiological concerns, and thus is now an FDA-defined term.[3] However, the trend's growth has been driven by consumers who believe it is a simpler, healthier way to eat.

"Free-from" foods emerged as a top food trend in 2017. While there has never been an official definition for the overall category, there have been some FDA defined "free" nutrient content claims, and those carry distinct rules. For example, "100% fat free" food must be fat free, contain less than 0.5 g fat per 100 g, and contain no ingredient that contains cholesterol except as noted. Similarly, food with "no salt added" or "unsalted" claims are allowed if no salt is added during processing. But manufacturers must declare the following: "This is not a sodium-free food" on the information panel if the food is not "sodium free."[4] Generally, however, the "free-from" ingredient foods tend to focus on products that don't use synthetic ingredients, and are free from allergens (such as soy, tree nuts, and eggs) or other ingredients that are seen as unhealthy or cause discomfort in some people (such as gluten and lactose) or those that are seen as bad for the environment.

What is interesting about all of this is that few consumers are actually gluten-intolerant, have a medical need to limit, or are allergic to specific ingredients.[5,6,7] While it is true that there are some consumers who may have a medical need to reduce sodium for heart health, or limit fat to maintain weight or healthy cholesterol, for example; many consumers seeking "free-from" products today do so because they perceive these foods to be more generally healthy. For example, according to Mintel data, two in five of those who eat gluten-free food do so because they believe it is better for their overall health.[8] What's more, this is becoming a somewhat individualized concept. According to data from Nielsen's Label Insights Transparency ROI study, more than half of U.S. consumers determine if a food product is healthy through their own personal definition and ingredient analysis.[9]

A global phenomenon

There is clearly an upside for companies that can meet these broadening consumer demands, which are expanding globally. While Europe currently represents the largest market for "free from" foods, the United States is not far behind, followed by Asia Pacific, South America and Africa.[10] Data from Euromonitor International predicts the "free from" food category will see 15% growth ($1.4 billion) between 2017 and 2022, with the U.S. market seeing the largest growth globally.[11] Moreover, Euromonitor data shows that the "free from" category is seeing higher-than-average growth as compared to the rest of the food and beverage category.

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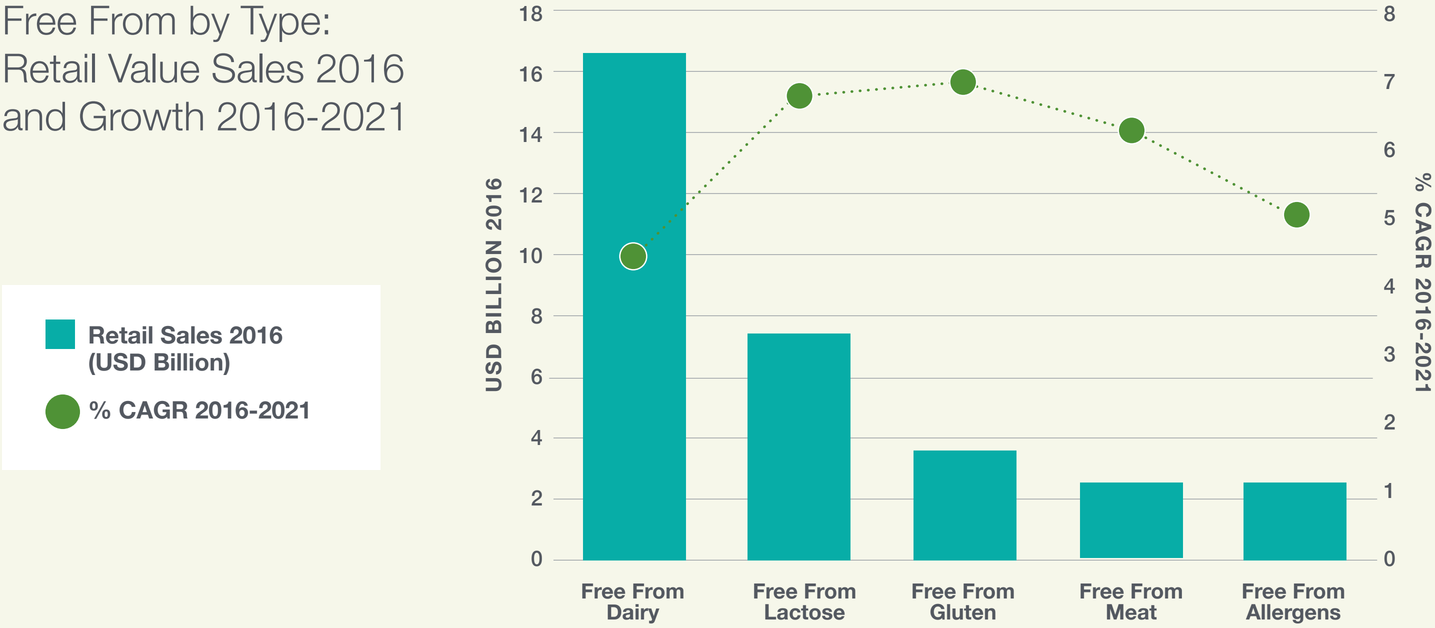
Free From by Type: Retail Value Sales 2016 and Growth 2016-2021



Source: Euromonitor International

Alternative dairy products continue to be the largest "free-from" category on a global level, due to the popularity of plant-based milk alternatives from soy, almond, coconut and rice milks, but gluten-free products also show plenty of ongoing potential as consumers continue to seek out products made with gluten-free grains such as quinoa, amaranth, teff and millet.[12]

Understanding the "free from" consumer

The key to capitalizing on these trends and understanding the drive for "free-from" foods lies with changing consumer attitudes about food and health. In general, consumers overwhelmingly believe these products are more natural and less processed.[13] Plus, the use of fewer ingredients now has a significant impact on purchasing behavior. Findings from the International Food Information Council Foundation (IFIC) 2018 Food and Health Survey noted that more than half of U.S. consumers indicate that recognizing ingredients, understanding a food's origins, and the number of ingredients listed is key to their purchase.[14]

In many cases, consumers are now more interested in what's not included than in what is. More than half of consumers say the exclusion of undesirable ingredients is now more important to their purchase than the inclusion of beneficial ingredients.[15] What's more, 68% of consumers now say they are willing to pay more for foods or beverages that don't contain ingredients they perceive as bad for them.[16]

At the same time, consumers still have traditional expectations for products regarding taste, texture and mouthfeel. Even though they want natural products and nothing artificial, they still expect that creamy sweet taste in baked goods and beverages, bubbly melted cheese on pizza, and clean, sweet flavors in beverages.

While these trends are increasingly important for product development, manufacturers might also need to remember that eliminating foods such dairy or wheat – which are important sources of calcium and protein – may also create a nutritional gap in diets. In reformulating products, they should look to provide alternative ingredients that are not only clean and sustainable, but offer good nutritional value.

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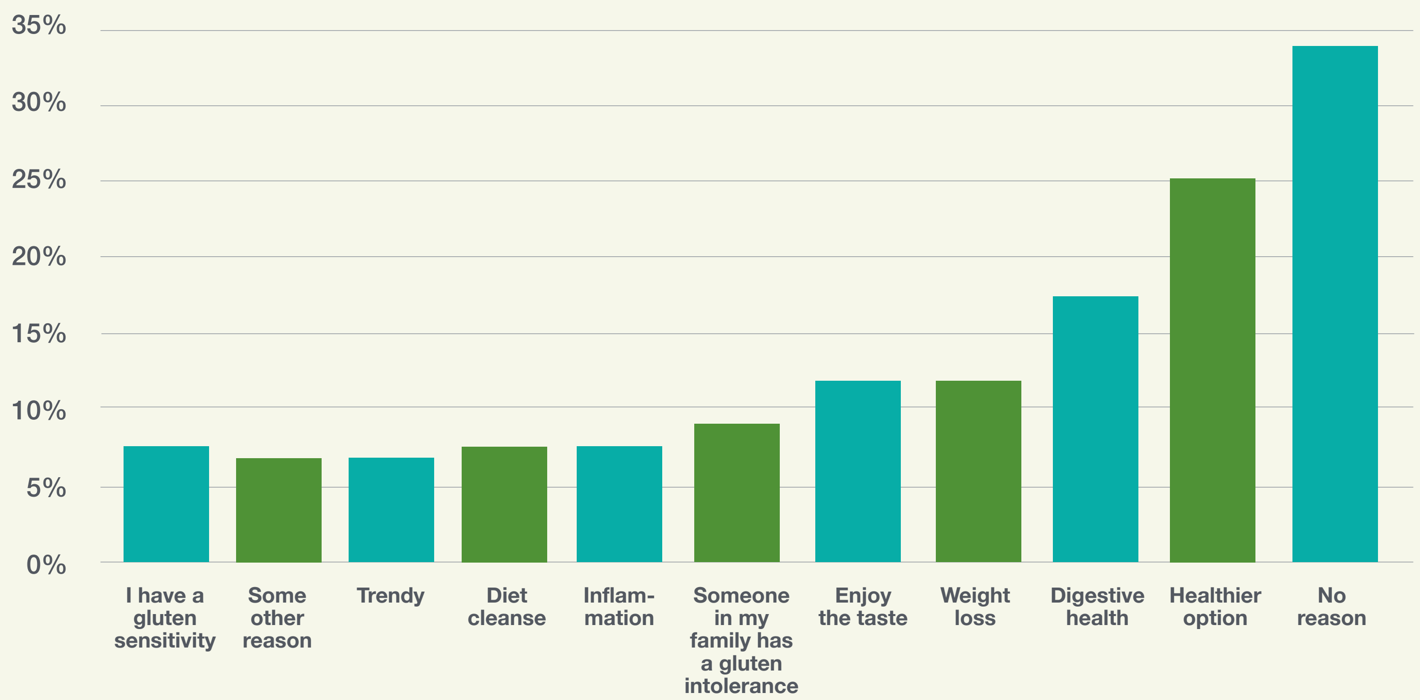
Going gluten-free

The gluten-free category provides a good example of how these contradictions are playing out. Still one of the most firmly entrenched "free-from" categories, gluten-free label claims saw an average annual growth rate of 24% between 2013 and 2017.[17] Gluten is now also targeted as an ingredient to avoid by people who have gastrointestinal issues; it is estimated that up to 20% of people have some form of irritable bowel syndrome (IBS), while only a small percentage may find relief by eliminating specific ingredients.[18] Nevertheless, 41% of consumers say they occasionally purchase gluten-free products and 29% indicate it is an important label when selecting foods and beverages.[19] What is perhaps more interesting is the reasons why they buy. According to the Hartman Group, more than one in three consumers cite purchasing gluten-free products for no reason at all, while one in four see them as a healthier option (see chart below).

In the end, this leaves product manufacturers with a constant challenge to stay on top of changing consumer attitudes and find innovative, creative solutions that solve the formulation challenges created by these demands. Building ongoing success in this category will take out-of-the box thinking to ensure that products provide good nutritional value and an understanding that consumers will continue to see the value – and pay a premium for – foods that support their perceived health and environmental ideals.

Reason for Purchasing "Gluten-free" Foods



Source: The Hartman Group's Health and Wellness, 2015

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