

Free-from Foods - UK - December 2016

Report Price: £1995.00 | \$2490.76 | €2354.10

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“The free-from market continues to see impressive growth. NPD has been a key part of recent growth, enabling the market to gain share of users’ spend through unlocking new occasions and encouraging trading up. High interest in products delivering on health, naturalness and portability highlight areas of innovation going forward.”
 – **Anita Winther, Research Analyst**

This report looks at the following areas:

- High expectations of “clean label” in free-from
- Sparking interest in non-users is crucial challenge
- Free-from foods face competition from scratch cooking

The free-from market enjoyed accelerating growth over 2011-15, slowing to a still impressive 16% in 2016, to reach an estimated £627 million. NPD (New Product Development) has been a key part of recent growth, growing free-from’s share of users’ food spend through new occasions and trading up. Marketing focused on awareness of intolerances and touting the wider health and taste credentials of products has looked to attract a wider audience. Growing availability has also supported growth as the leading grocers have devoted more shelf space to free-from items.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Free-from Foods - UK - December 2016

Report Price: £1995.00 | \$2490.76 | €2354.10

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

- What you need to know
- Products covered in this Report
- Excluded

Executive Summary

The market

Free-from market continues robust growth in 2016

Slowing growth predicted going forward

Figure 1: Value retail sales of free-from foods in the UK, 2011-21

Strong activity from leading brands fuels dairy-/lactose-free growth

Rise in food allergy and intolerance should underpin free-from sales

Avoidance diets remain popular

NHS cuts gluten-free prescriptions

Companies and brands

Alpro extends its lead in a fragmented market

Figure 2: Leading brands' shares in the UK retail free-from foods market, by value, 2015/16*

Leading retailers bolster free-from ranges in 2016

Fast-growing market continues to attract mainstream brands

Specialist brands target new occasions and look to add value

Free-from continues to see growth in advertising spend

Marketing messages diverge – from intolerance awareness to taste

The consumer

Food avoidance is widespread

Figure 3: Avoidance of foods/ingredients, by respondent or household members, by reason, September 2016

Three in 10 adults eat or buy free-from food

Most buyers are able to do a one-stop free-from shop

Figure 4: Using one vs multiple shops to buy free-from foods, September 2016

Naturalness appeals to three in five, high expectations of "clean label"

Figure 5: Interest in qualities in new free-from foods, September 2016

Low sugar and fat is important to many

On-the-go/snack items garner high interest

Figure 6: Behaviours of buyers/eaters of free-from food, September 2016

Free-from foods face steep competition from scratch cooking

67% of non-users would only exclude foods on advice from health professionals

Figure 7: Behaviours of non-buyers/eaters of free-from food, September 2016

Sparking interest is crucial challenge

What we think

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Free-from Foods - UK - December 2016

Report Price: £1995.00 | \$2490.76 | €2354.10

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Issues and Insights

- High expectations of "clean label" in free-from
 - The facts
 - The implications
- Sparking interest in non-users is crucial challenge
 - The facts
 - The implications
- Free-from foods face competition from scratch cooking
 - The facts
 - The implications

The Market – What You Need to Know

- Free-from market continues robust growth in 2016
- Slowing growth predicted going forward
- Strong activity from leading brands fuels dairy-/lactose-free growth
- Rise in food allergy and intolerance should underpin free-from sales
- Avoidance diets remain popular
- NHS cuts gluten-free prescriptions

Market Size and Forecast

- Free-from market continues robust growth
 - Figure 8: Value retail sales of free-from foods in the UK, 2011-21
- NPD and expanding distribution have been key engines of growth
- Slower growth on the cards
- Income squeeze stands to dampen demand
- Competition should lower prices, falling Pound will raise them
- NPD moves beyond essentials
- Limited scope to convert new users
- Market predicted to pass £950 million in 2021
 - Figure 9: Value retail sales of free-from foods in the UK, 2011-21
- Forecast methodology

Market Segmentation

- Strong activity from leading brands fuels dairy-/lactose-free growth
- Marketing looks to grow the user base
- New products hope to drive spend among existing users
 - Figure 10: UK retail value sales of free-from food and drink, by segment, 2014-16
- Gluten-/wheat-free retains robust growth as NPD continues
- NPD remains a key factor in driving spend
- Gluten-free lacks the wider selling points and marketing support of dairy-free

Market Drivers

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Free-from Foods - UK - December 2016

Report Price: £1995.00 | \$2490.76 | €2354.10

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Rise in food allergy and intolerance should underpin free-from sales

Coeliac disease affects one in 100

Self-diagnosed food intolerance rising

Avoidance diets remain popular

"Clean eating" contributes to wheat and dairy avoidance

FODMAP gains prominence

Healthiness of gluten-free products questioned

Industry steps up health efforts – strong consumer demand

NHS continues cuts to gluten-free prescriptions

Price remains an issue

Weakened Pound will push up prices of imports

Decline in 16-24s could limit growth

Figure 11: Recent and projected trends in population growth, by age, 2011-16 and 2016-21

Companies and Brands – What You Need to Know

Alpro extends its lead in a fragmented market

Leading retailers bolster free-from ranges in 2016

Fast-growing market continues to attract mainstream brands

Specialist brands target new occasions and look to add value

Free-from continues to see growth in advertising spend

Marketing messages diverge – from intolerance awareness to taste

Market Share

Alpro extends its lead in a fragmented market

Figure 12: Leading brands' sales and shares in the UK retail free-from foods market, by value, 2014/15 and 2015/16

First TV ad in three years fuels Lactofree

Mixed performances in gluten-free

Acquisitions affect the competitive landscape

The fast-growing market continues to attract mainstream brands

Own-brands step up the heat

Launch Activity and Innovation

L/N/R allergen claims plateau in food launches in 2015

Figure 13: Share of product launches in the UK retail food market featuring an L/N/R allergen claim, 2012-16

Retailers introduce allergen colour coding...

...and continue to bolster ranges

Sainsbury's adds 140 own-brand products

Figure 14: Share of NPD in the UK free-from market, by top 10 companies (sorted by 2015), 2012-16

Alpro targets snacking and on-the-go with NPD...

...and expands into dairy-free ice cream

Arla Lactofree launches Natural Yogurt

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Free-from Foods - UK - December 2016

Report Price: £1995.00 | \$2490.76 | €2354.10

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Coconut trend going strong in dairy alternatives
 More activity in yogurts/desserts
 Coconut moves into cheese and flour
 Gluten-free bakery brands expand portfolios
 Cereal brands continue free-from NPD
 Non-specialist brands continue to expand free-from offerings
 Leading pizza brands enter gluten-free
 Free-from fish fingers from top frozen players
 McVitie's looks to gluten-free to expand its appeal
 Free-from drinks NPD growth halts

Figure 15: Share of L/N/R allergen product launches in the UK retail drinks market, 2012-16

Brewers look to leverage gluten-free interest

Advertising and Marketing Activity

Free-from continues to see growth in advertising spend

Figure 16: Total above-the-line, online display and direct mail advertising expenditure on free-from foods, by top advertisers (sorted by 2015), 2012-16

Alpro retains position as top advertiser...

...but gets caught in a Twitter storm

Tesco highlights gluten-free range in Christmas ad

Morrisons follows Tesco with its first free-from TV ad

Arla Lactofree invites consumers to join the real dairy revolution

Unilever supports Flora Freedom launch

Genius becomes first gluten-free brand to advertise in UK cinemas

M&S partners with Coeliac UK

Nielsen Ad Intel coverage

The Consumer – What You Need to Know

Food avoidance is widespread

Three in 10 adults eat or buy free-from food

Most buyers are able to do a one-stop free-from shop

Naturalness appeals to three in five, high expectations of "clean label"

Low sugar and fat is important to many

On-the-go/snack items garner high interest

Free-from foods face steep competition from scratch cooking

67% of non-users would only exclude foods on advice from health professionals

Sparking interest is crucial challenge

Avoidance of Foods/Ingredients

Food avoidance is widespread

Figure 17: Avoidance of foods/ingredients, by respondent or household members, by reason, September 2016

Figure 18: Types of foods/ingredients avoided by respondent or household members, September 2016

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Free-from Foods - UK - December 2016

Report Price: £1995.00 | \$2490.76 | €2354.10

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Healthy lifestyle most important reason for dairy/lactose and wheat/gluten avoidance

Types of Free-from Foods Bought and Eaten

Three in 10 adults eat or buy free-from food

Figure 19: Types of free-from food bought and eaten, September 2016

One in five buy or eat gluten-free food

Dairy substitutes have a lead over lactose-free

Disparity between avoidance and uptake of free-from

Buying without avoiding

Avoiding foods without buying the substitutes

16-24s and Londoners are core user groups of free-from food

Figure 20: Free-from food purchasing and usage, by age, September 2016

Shopping for Free-from Food

Most buyers are able to do a one-stop free-from shop

Availability of free-from has improved in recent years...

...but a quarter of shoppers need to shop around

A strong free-from offer can sway Christmas shoppers

Figure 21: Using one vs multiple shops to buy free-from foods, September 2016

Supermarkets are most widely used outlet for free-from food

Figure 22: Types of outlets used when shopping for free-from foods, September 2016

Convenience stores have growth potential

Younger shoppers more likely to use other outlets than supermarkets

Interest in Free-from Innovation

Naturalness appeals to three in five, high expectations of "clean label"

Natural claims remain rare in the market

Figure 23: Interest in qualities in new free-from foods, September 2016

Low sugar and fat is important to many

Fat and sugar a challenge for gluten-free, NPD remains rare

"Superfood" ingredients appeal to under-35s

Churn of new "superfoods" ensures newness but requires timely NPD

Tapping other healthy eating trends could attract non-users

Behaviours of Users

On-the-go/snack items garner high interest

Figure 24: Behaviours of buyers/eaters of free-from food, September 2016

Free-from foods face steep competition from scratch cooking

Many families do not eat the same free-from meals

Behaviours of Non-Users

67% would only exclude foods on advice from health professionals...

...but there is high openness to trying a free-from diet

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Free-from Foods - UK - December 2016

Report Price: £1995.00 | \$2490.76 | €2354.10

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 25: Behaviours of non-buyers/eaters of free-from food, September 2016

- Uncertainty about symptoms suggests growth potential for free-from
- Recent initiatives look to raise awareness
- Sparking interest is crucial challenge
- Price is a deterrent for most non-users
- Negative perceptions linger
- Greater in-store visibility is needed
- A third are put off by the "gluten-free" label

Appendix – Data Sources, Abbreviations and Supporting Information

- Abbreviations
- Consumer research methodology

Appendix – Market Size and Forecast

Figure 26: Best- and worst-case forecast of value retail sales of free-from foods, 2016-21

- Forecast Methodology

Appendix – Launch Activity and Innovation

- Figure 27: L/N/R allergen claims' share of new food product launches, by category, 2012-16
- Figure 28: L/N/R allergen claims' share of new drink product launches, by category, 2012-16
- Figure 29: NPD featuring L/N/R allergy claims in the UK retail food market, branded vs own-label, 2012-16
- Figure 30: New food product launches with L/N/R allergen claims, by top claims, 2012-16

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
 Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
 APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com