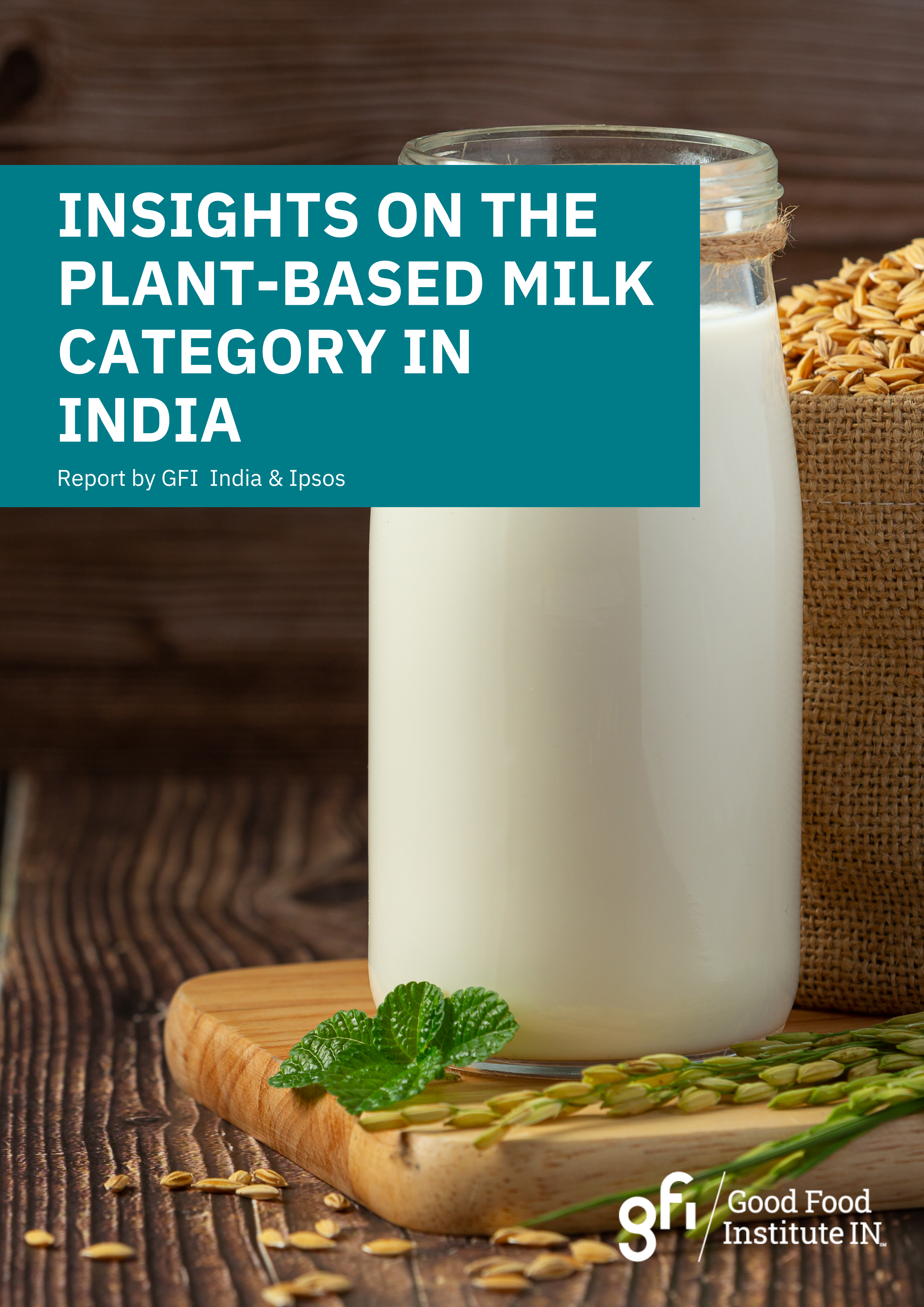
INSIGHTS ON THE PLANT-BASED MILK CATEGORY IN INDIA

Report by GFI India & Ipsos



Good Food Institute IN

EXECUTIVE SUMMARY

Plant-based milks such as soy milk, almond milk, and oat milk have recently made their way into cafe menus and the Indian consumer's shopping baskets. As of 2020, plant-based milk already represented 15% of the total dollar sales of retail milk in the developed market of the United States. The findings below suggest that we can expect Indian consumers too to further adopt this category into their diets along with animal-derived dairy.

This journey is however, not unidimensional. Plant-based milk users In India claim that they will continue using both animal-derived and plant-based milk in the future. In fact, 90% of them (plant-based milk users) have also consumed animal-derived dairy milk in the past 12 months. This clearly shows the potential for plant-based dairy to grow alongside animal-derived dairy consumption and not instead of it. With health and wellbeing as an overarching purchase driver for both plant-based and animal-based milk, they are typically consumed as a whole in a glass or along with breakfast cereals and used in teas & coffees. Consumers rate plant-based milks high on unique propositions like sustainability and for lactose intolerance while they rate animal-derived milk better on taste, price and versatility - proving both categories to be distinctly desirable.

When it comes to awareness levels it is evident that consumers are purchasing this category consciously and most respondents (70% + of users and nonusers) attest to having no confusion on the source of origin/ingredients of plant-based milk. This cohort of respondents are aware that it comes from plant ingredients and does not contain animal derived milk.

They also attest to consulting labels while shopping and tend to view both the front and the back of the pack and check the nutrition facts, protein content and the ingredient list – all proving that they are clued in to the specifics of their purchase.

Within plant-based milks, approximately 40% of users have used more than one type of plant-based milk in the past 12 months showcasing the consumers need for variety and the potential of the plant-based dairy category in offering the same. With specific drivers of purchase, usage patterns and growth potential, plant-based milks are emerging as a great opportunity for the packaged milk industry and an exciting area of innovation for both the industry and the consumers.

While consumer perceptions are promising, the appropriate labelling of new food categories via industry is crucial to their success and up-take. On surveying we found that, over 80% of respondents feel that "milk" is an appropriate term to use on plant-based milk product packaging. They also believe that existing terminology of "type of milk mentioned on pack as soy milk, almond milk, oat milk etc." is the most efficient differentiator for plant-based dairy users to distinguish these products from animal-derived dairy.

Since the category of plant-based dairy is still very nascent, accessibility and price remain a challenge but respondents are optimistic about future consumption. Nearly 69% of plant-based milk consumers claim that they are most likely to increase their consumption in the future. Enhancing the product on taste and versatility and improving accessibility (availability and affordability) can fast track the adoption of plant-based dairy category in India and consolidate its position as the new and exciting opportunity for the packaged milk category as a whole.

TABLE OF CONTENTS

CONTEXT

India continues to be the largest producer & consumer of animal-derived dairy.[1] It is one of the biggest agri-businesses in India with a 4% share in the economy. Indian animal-derived dairy industry has grown at 12% in the last 5 years, with value-added products driving market growth.[2] On the other hand, plant-based dairy,[3] though small, is gaining acceptance all over the world. Plant-based milks such as soy milk, almond milk and oat milk have made promising in-roads with the Indian consumers. Estimated at $21 million Vs the animal-derived dairy industry at $140 billion, plant-based dairy in India is projected to grow at a CAGR of 20.7% to reach $63.9 million by 2024.[4]

This study is designed to understand consumer awareness of source/ingredients used in plant-based dairy. It also covers perceptions around labelling, need states and usage patterns of plant-based dairy among the users of the category.

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[1] Animal-derived dairy: Dairy derived from animal sources viz. Cow/Buffalo
[2] Source : https://www.investindia.gov.in/team-india-blogs/indian-dairy-landscape
[3] Plant-based dairy: Dairy derived from plant-based resources viz. soy milk/almond milk/oat milk/vegan milk/dairy free milk/plant-based milk
[4] Source : GM Insights

RESEARCH OBJECTIVE

- To understand whether consumers are aware of and understand the differences between the basic origin/source, ingredients of plant-based dairy products vis-à-vis animal-derived dairy.
- To understand consumer perception of plant-based dairy nomenclature and labelling.
- To understand the need states/reasons for purchase and distinct ways of using plant-based dairy and animal-derived dairy.

STUDY DESIGN & METHODOLOGY

- Quantitative survey done via online panels
- Respondents were screened for eligibility criteria and continued into the main survey (single session)

SAMPLE DESIGN

- Given the ‘niche’ & ‘new’ nature of the category, purposive and quota-based sampling was followed to have sufficient representation of gender, city and age group.

TARGET GROUP

- Age: 18-65 | Men & Women |
- Tier 1 / Tier 2 cities with a population of over 10Lacs
- Users[5] of plant-based dairy (Respondents who have consumed plant-based dairy in the past 12 months)
- Non-users[6] of plant-based dairy but users of animal-derived dairy (Respondents who have consumed animal-derived dairy in the past 12 months, but not used plant-based dairy)
- As the hypothesized penetration of plant-based dairy in India is low (approx. 5-6%), the non-user sample can be treated as an indicator of the general population's views

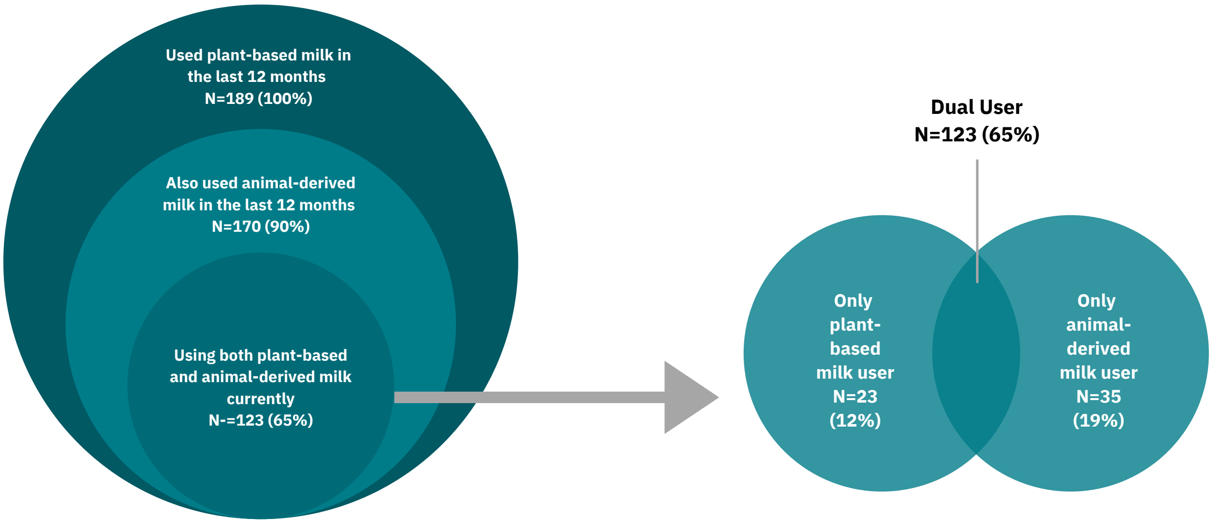
[5] Users: Respondents who have consumed plant-based dairy in the past 12 months
[6] Non-users: Respondents who have consumed animal-derived dairy in the past 12 months, but not used plant-based dairy

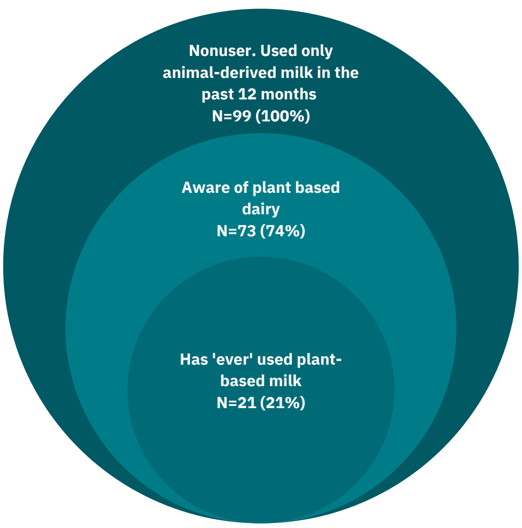
SECTION 1

KEY FINDINGS

1. Awareness of the category and usage

Dual use of plant-based milk and animal-derived milk is observed as 90% of plant-based milk users have also consumed animal-derived milk in the past 12 months. Of these, around 12% are currently using only plant-based milk, 65% exhibit dual usage of plant-based & animal-derived milk and 19% are consuming only animal-derived milk. 4% are not using any of these categories currently.



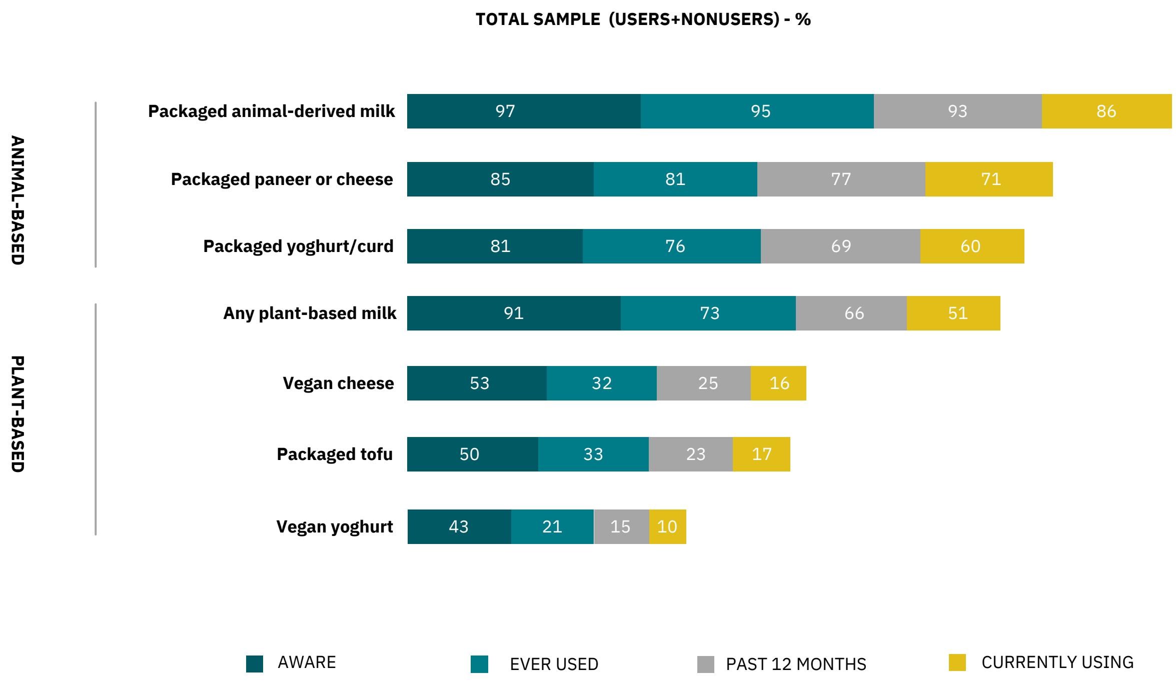


High awareness of plant-based milk seen even among the non-users of the category. Around 74% of non-users of plant-based milk (who have consumed animal-derived milk in the past 12 months) are aware of the category and a fifth of them have also consumed plant-based milk in the past.

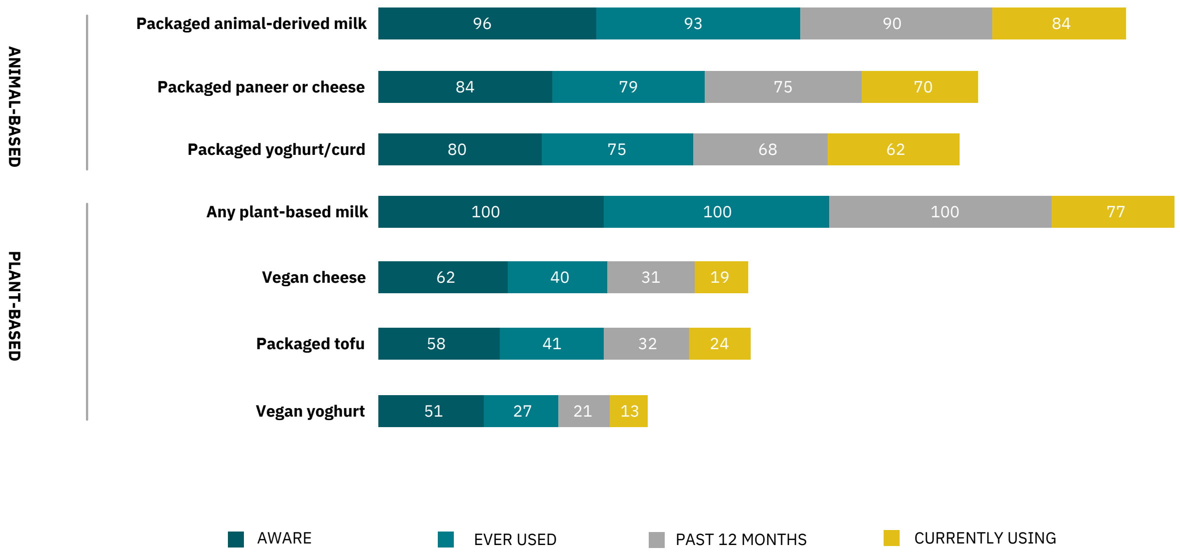
1.1 Saliency by specific product type

Be it animal-derived or plant-based, milk is the most popular category followed by paneer/cheese and yogurt/curd. Among plant-based dairy users, packaged soy milk and almond milk has the highest penetration in the past 12 months (56% and 54% respectively) followed by plant-based cheese (31%), oat milk (29%) and plant-based yogurt (21%). Users of plant-based dairy consume milk, cheese, yoghurt, etc. from both animal and plant-derived sources. Along with animal-derived milk (90%), 75% of plant-based dairy users have also used animal-derived paneer or cheese and 68% have used animal-derived yogurt /curd in the past 12 months.

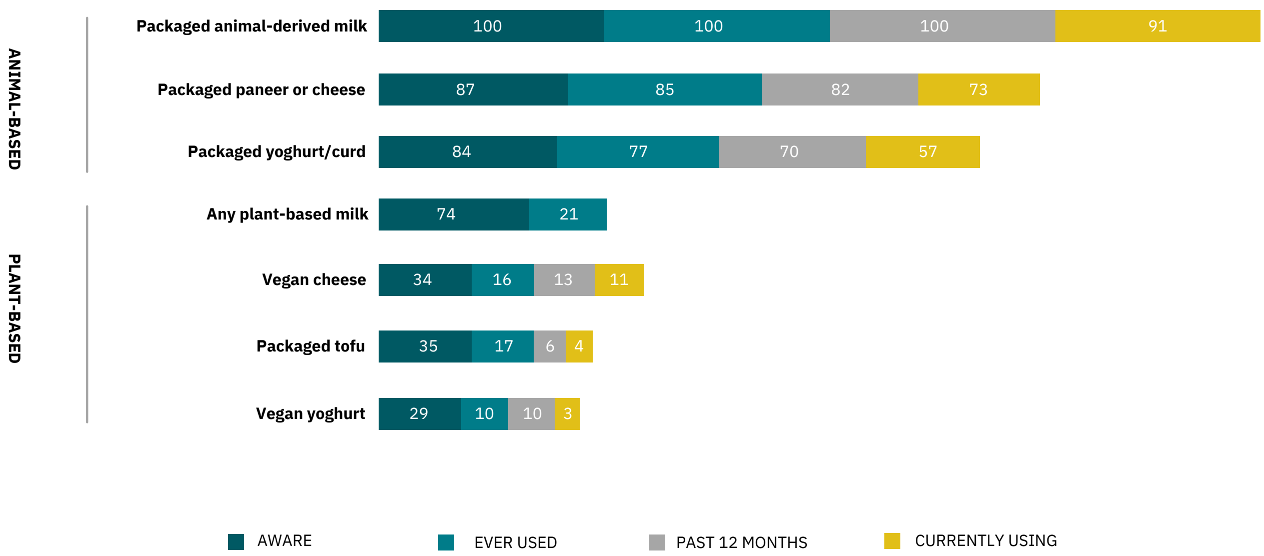
Non-users of plant-based dairy consume mostly animal derived versions of all these types of products (milk, cheese, yoghurt, etc.). Even among these non-users, soy milk has the highest awareness of 59% followed by almond milk at 47%, plant-based cheese at 34%, and plant-based yogurt at 29%.



PLANT BASED MILK USERS (IN %)



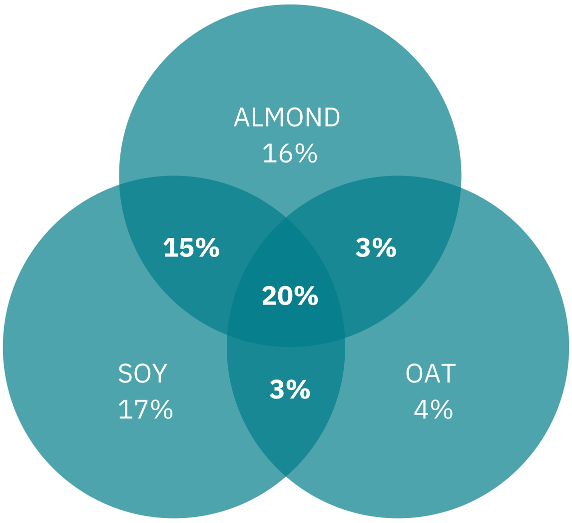
PLANT BASED MILK NON USERS (IN %)



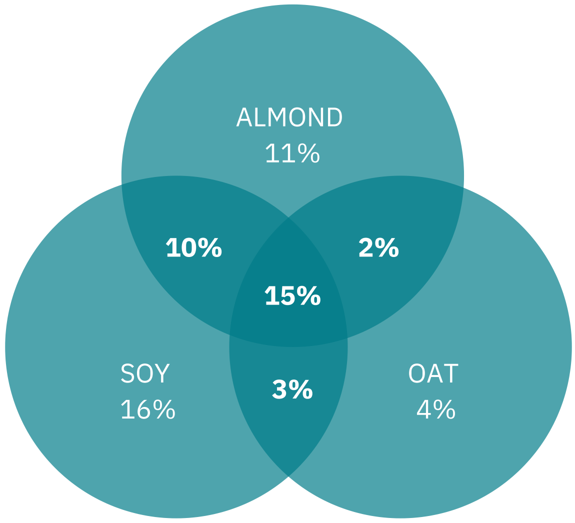
India

1.2 Usage by different types of plant-based milks

Plant-based milk users tend to try different varieties offered by the category – approximately 40% of plant-based milk consumers have used more than one type of plant-based milk in the past 12 months. 20% of users have used all 3 types of milk – almond, soya and oat, pointing towards a 'trial and error' phase. This showcases curiosity and experimentation via consumers and gives brands new opportunity areas.



USAGE OF PLANT-BASED MILK IN THE PAST 12 MONTHS



USAGE OF PLANT-BASED MILK CURRENTLY

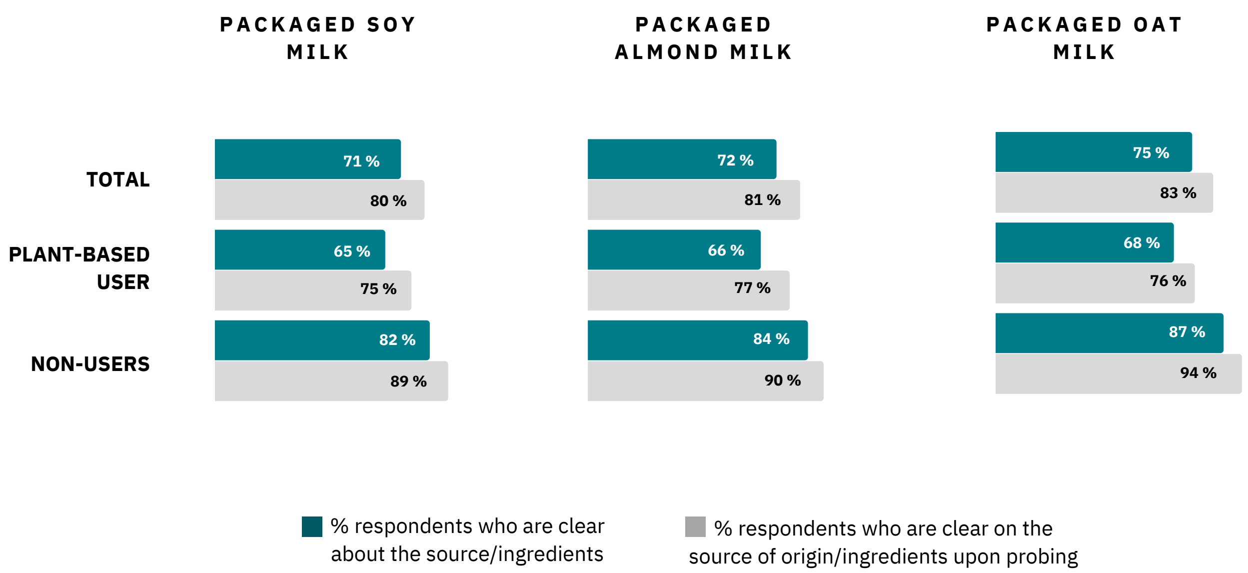
Base: N=189, Users of plant-based dairy

SECTION 2

PERCEPTION OF INGREDIENTS, LABELLING AND TERMINOLOGY

2.1 Perception of ingredients in plant-based milk

70%+ respondents (users + non users) have no confusion on the source of origin/ingredients of plant-based milk. They attest to the product being made from plant ingredients and do not think it contains animal derived milk. Approx. ~65%+ of plant-based dairy users and over 82%+ non-users exhibit no confusion at a spontaneous level i.e. initial reactions when asked what the product is comprised of. Upon probing further about the primary ingredient of plant-based dairy, more clarity is witnessed, wherein 80% of total respondents (~75% of users and ~90% of non-users) affirm presence of mainly the plant-based ingredient in the respective products. The proportions are similar across all three product formats being assessed (soy/almond/oat milk).



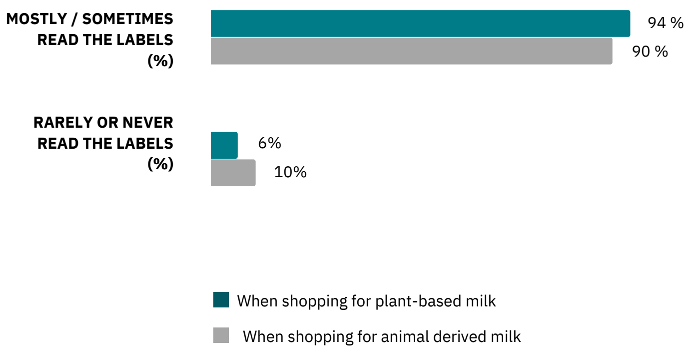
2.2 Consumer behavior with regard to labels on the products

Consumers of plant-based dairy (90% of them) tend to pay attention to the labelling on the products when shopping for both plant-based and animal-derived dairy products. Most read the content on the front as well as the back of pack (approx. 60%)

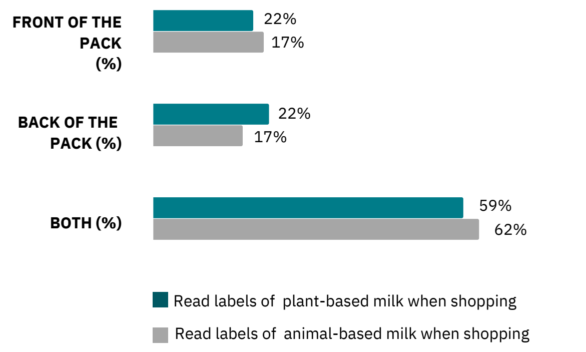
Besides date of packaging/expiry which is commonly checked for both plant-based and animal-derived dairy, the other information sought is distinct for both types of products. **Plant-based dairy users pay attention to the nutrition facts, protein content and the ingredient list of plant-based products.** The same users while shopping for animal-derived dairy pay more attention to details like price/promotions/discounts and manufacturer details. This also could be stemming from the fact that plant-based dairy as a category is relatively new compared to the animal-derived dairy.

Only 25% of plant-based dairy users check 'vegan', 'dairy-free' labelling on the pack while purchasing plant-based milk products which could point towards the trust placed on product naming as 'Almond Milk', 'Soy Milk'. Naming products as such is transpiring a certain level of transparency and reassuring consumers of the 'plant-based' claim within products.

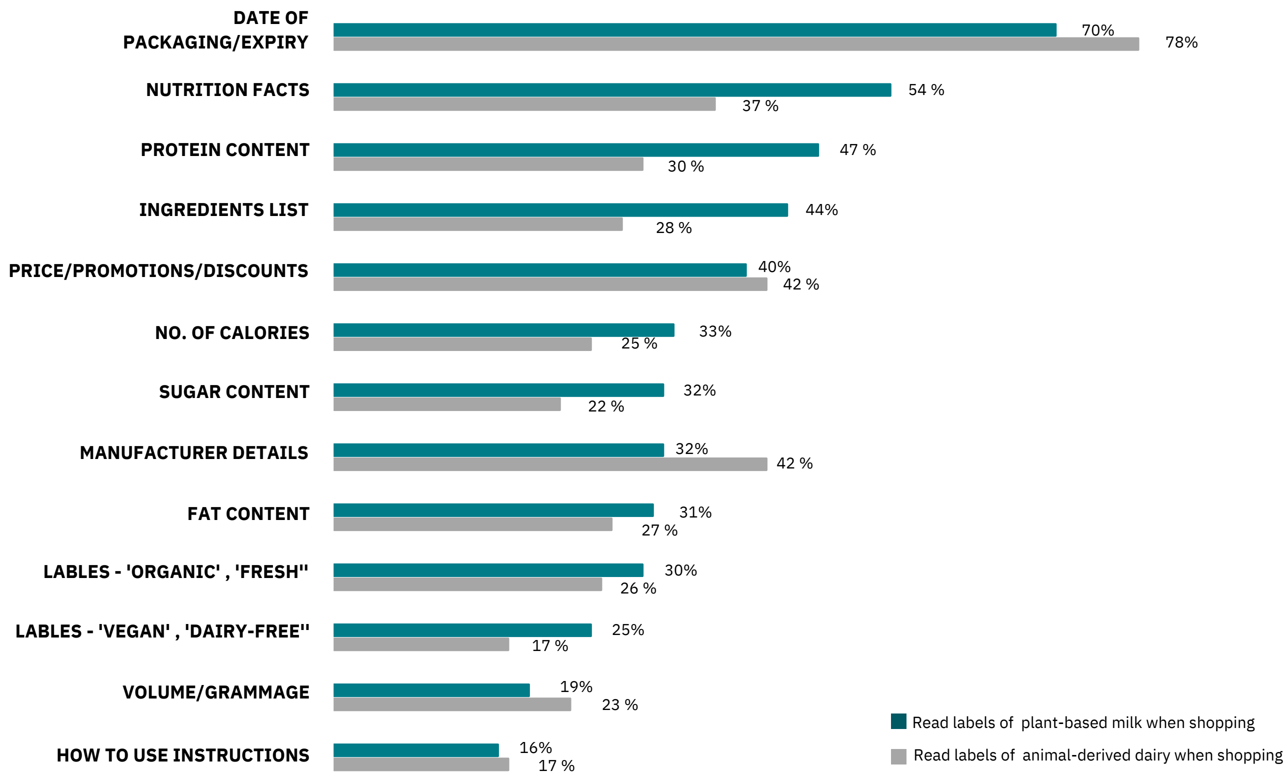
WHEN PLANT-BASED MILK USERS SHOP



WHEN PLANT-BASED MILK USERS READ LABELS

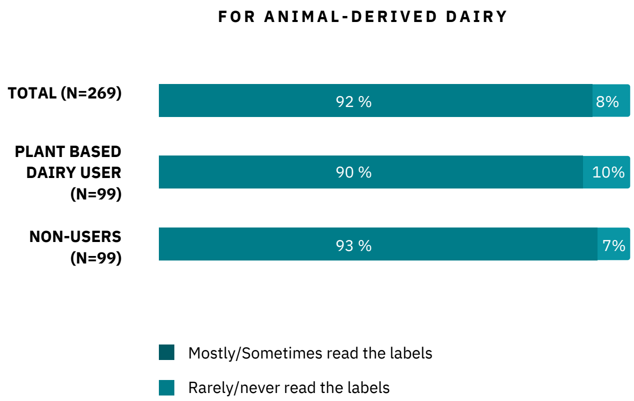


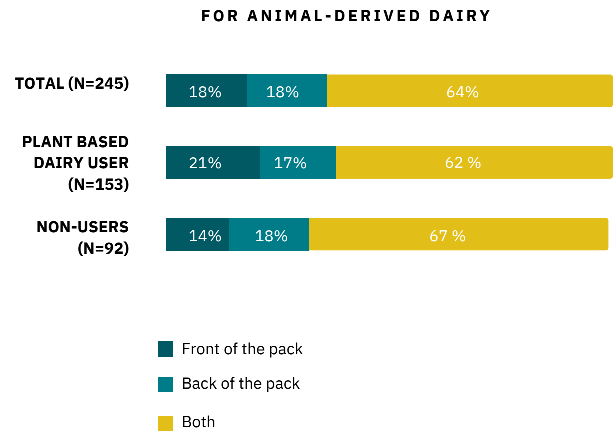
LABEL CONTENT THAT INFLUENCES PURCHASE
(AMONGST PLANT-BASED MILK USERS WHO READ LABELS)

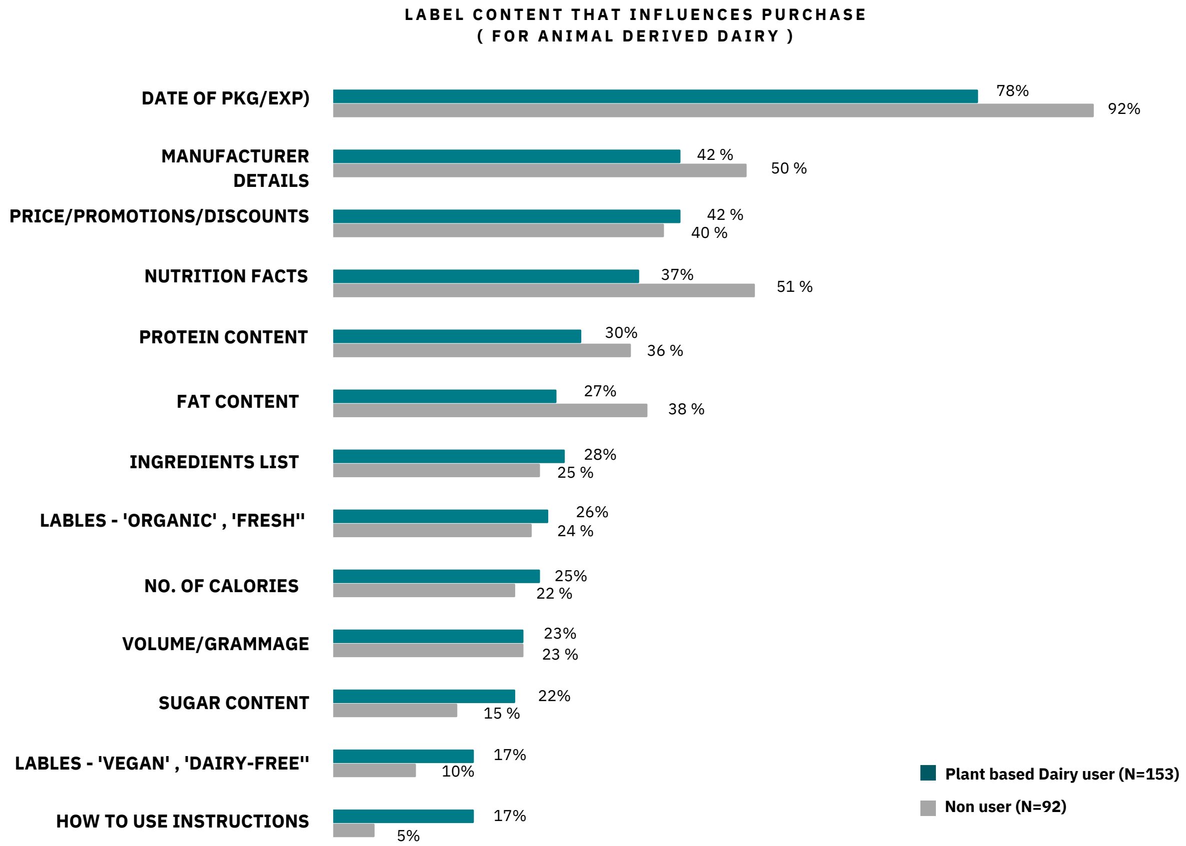


Similar to the users of the plant-based dairy, 90%+ of the non-users of the category also read labels when it comes to shopping for animal-derived dairy. Most are likely to read both the front & back of the pack.

Date of packaging /expiry, manufacturer details, price/promotion/discounts and nutrition facts are the top information areas checked by both the users and the non-users of plant based dairy when they shop for animal-derived dairy.

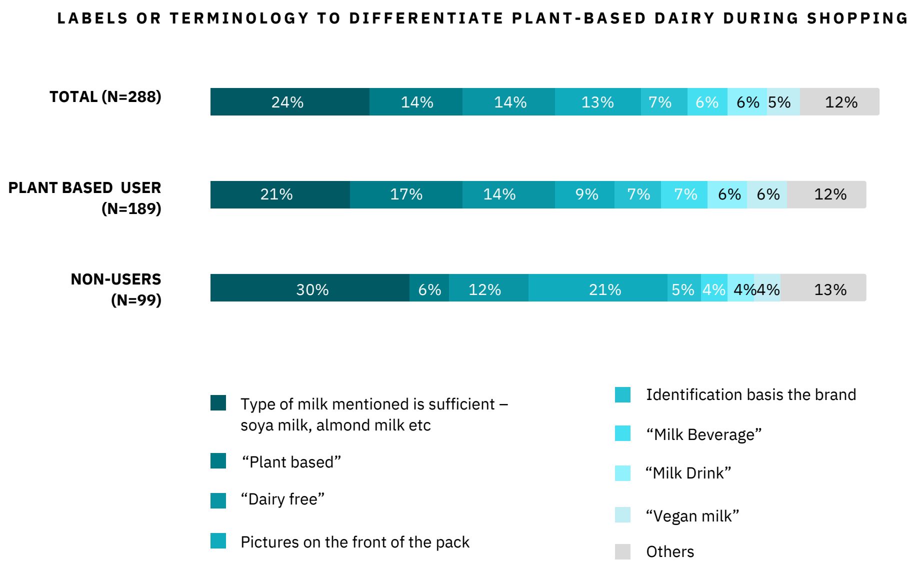




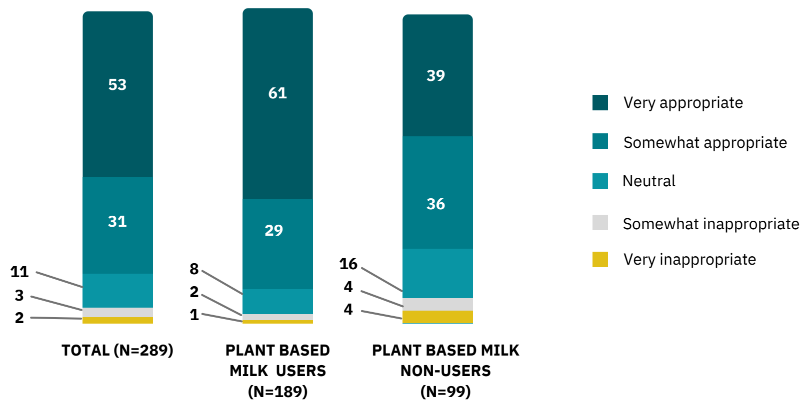


2.3 Perception of labels/terminology used to describe plant-based dairy

Existing terminology of “type of milk mentioned on pack as soy milk almond milk, oat milk etc.” is perceived to be the most efficient differentiator for plant-based dairy users to distinguish these products from animal-derived dairy. Labels like “dairy-free, plant-based” or "pictures on the front of the pack" are other key elements which would help respondents differentiate plant-based dairy products from animal-derived dairy.

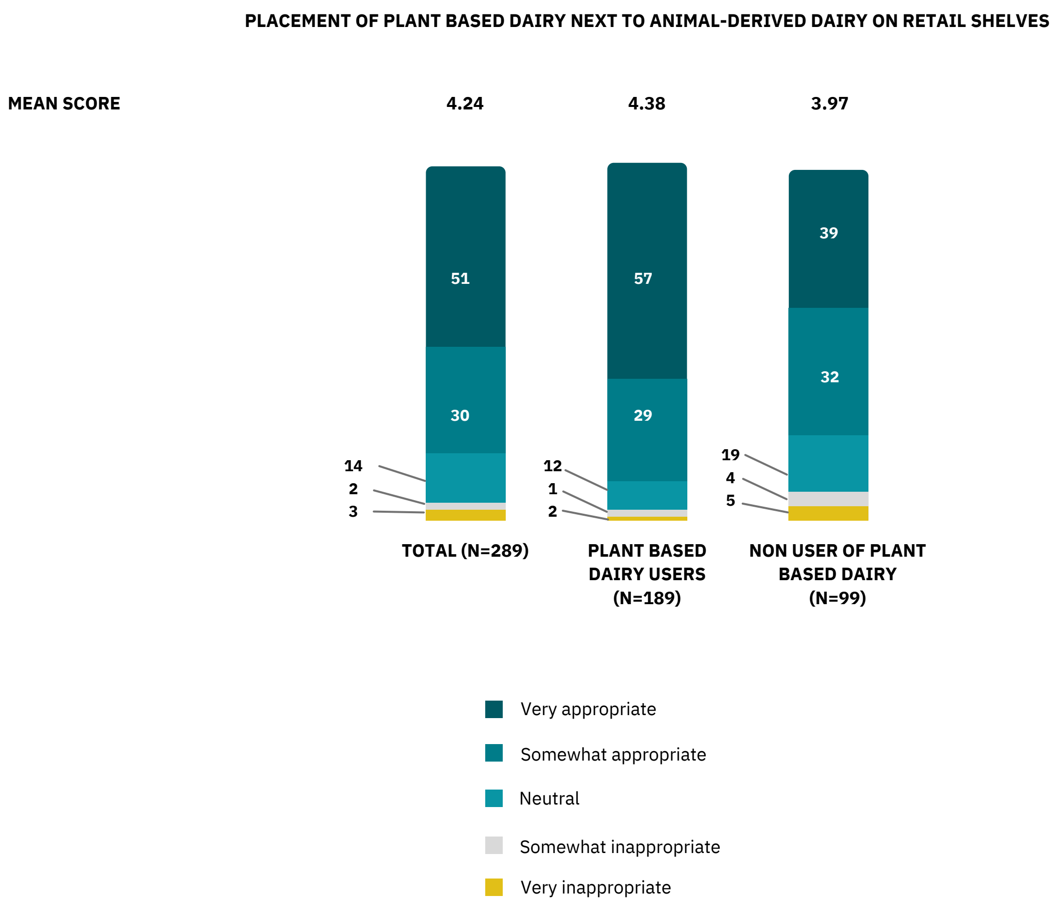


Over 80% respondents (90% users and 75% of non-users) agree that "milk" is an appropriate term to use on plant-based milk product packaging



2.4 Attitudes towards the placement of plant-based dairy on retail shelves

80% of plant-based dairy users confirm that it is important that plant-based dairy be placed next to animal-derived dairy on the retail shelf. Approximately 71% of non-users of the category also endorse placement of plant-based dairy next to animal-derived dairy on retail shelves.



SECTION 3

PURCHASE DRIVERS AND CONSUMPTION BEHAVIOR: PLANT-BASED DAIRY AND ANIMAL-DERIVED DAIRY

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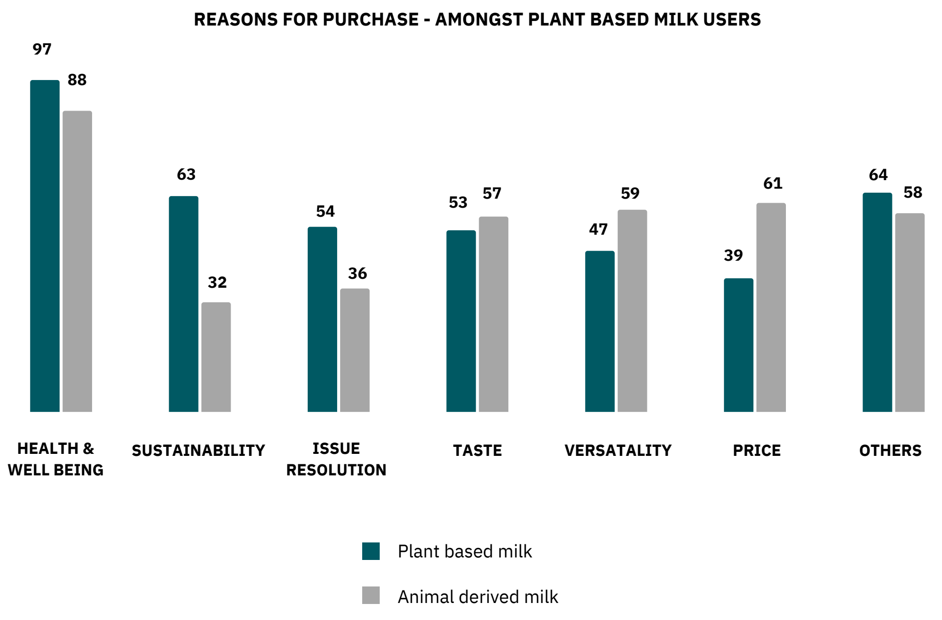
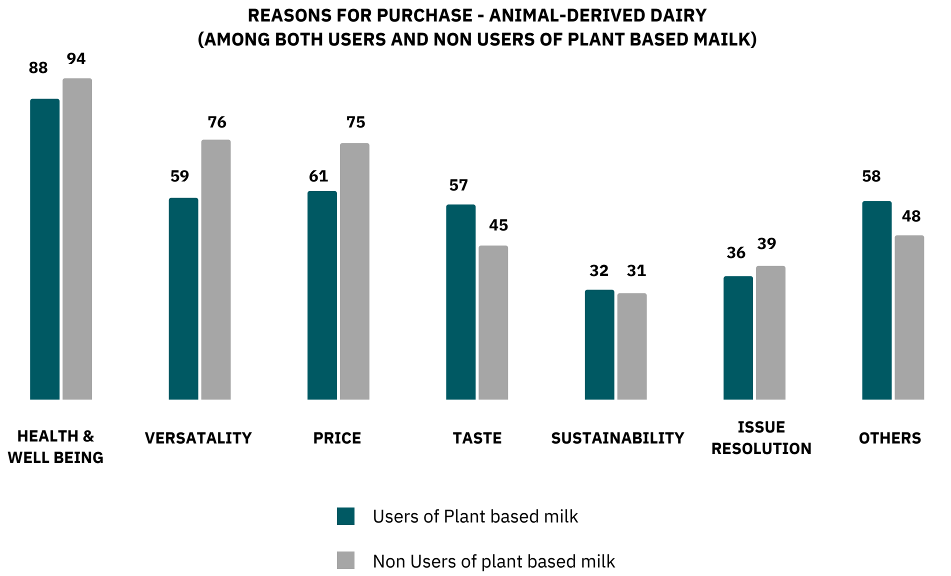
3.1 Reasons of purchase of plant-based dairy and animal-derived dairy

Health & well-being related reasons come up as top reasons for purchase of both plant-based and animal-derived dairy categories by consumers. Plant-based milk is also consumed for unique reasons like sustainability and also as an alternative for those with lactose intolerance & allergies.

Animal-derived dairy scores better than plant-based dairy on versatility and price. While animal-derived milk has been a part of our upbringing and culture, plant-based milks are considered new/trendy/modern bought for distinct reasons by the consumers.



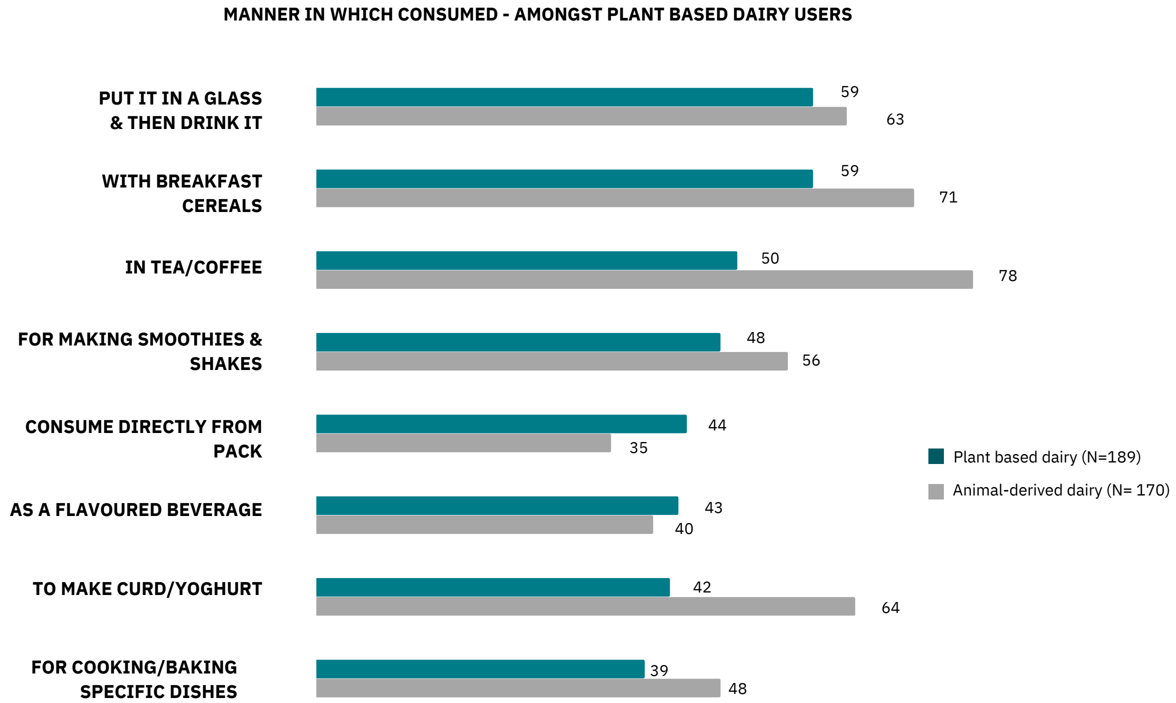
Top reasons for purchase of animal-derived dairy are similar among users and non-users of plant-based dairy. Along with health and wellbeing, price, versatility (suitability for everyone in the household) are some of the key reasons for purchase of animal-derived dairy. Plant-based dairy users rate animal-derived milk better on taste than the non-users, highlighting an opportunity to improve the taste within the plant-based milk category.



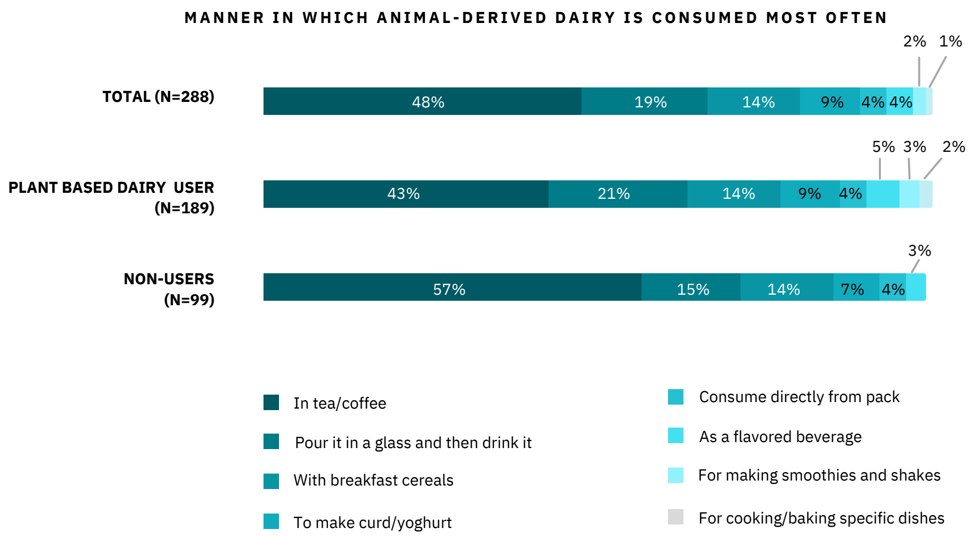
3.2 Occasions for use: plant-based milk and animal-derived milk

Users of plant-based milk consume both plant-based and animal-derived milk in similar ways. In this cohort, the top occasions for consumption of both types of products are “having it as a whole, with breakfast cereals or in coffee/tea.

Animal-derived dairy is used more than plant-based, in making curd/yogurt/smoothies/cooking and baking showcasing versatility. Animal-derived dairy also scores ahead of plant-based dairy when it comes to compatibility with coffee/tea - this could be an exciting opportunity area for plant-based milk brands to innovate within.



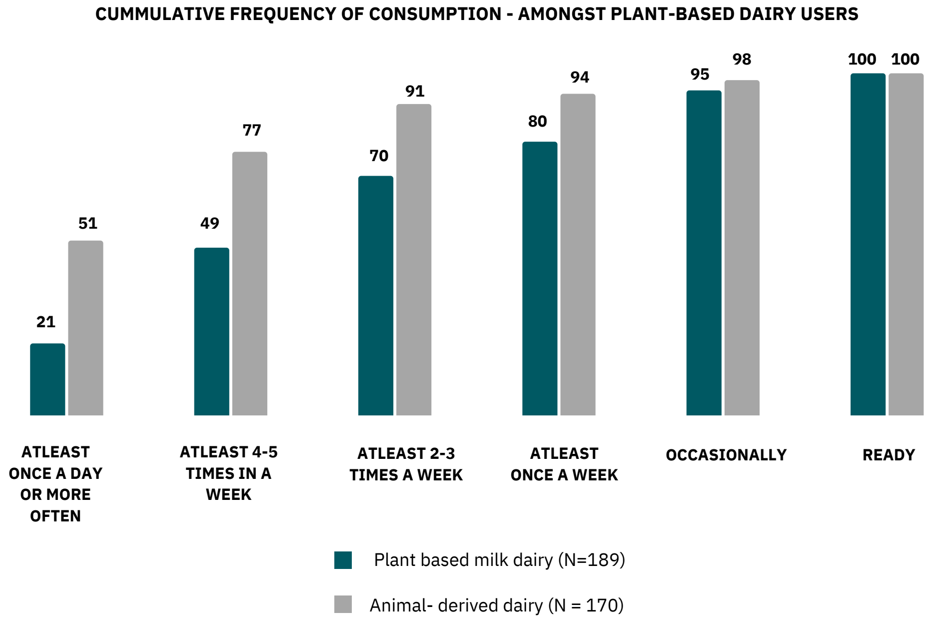
Non users of plant-based dairy consume animal-derived dairy in the similar formats - “in tea/coffee”, “as a whole” and along with breakfast cereals.



3.3 Consumption behavior - plant-based milk and animal-derived milk

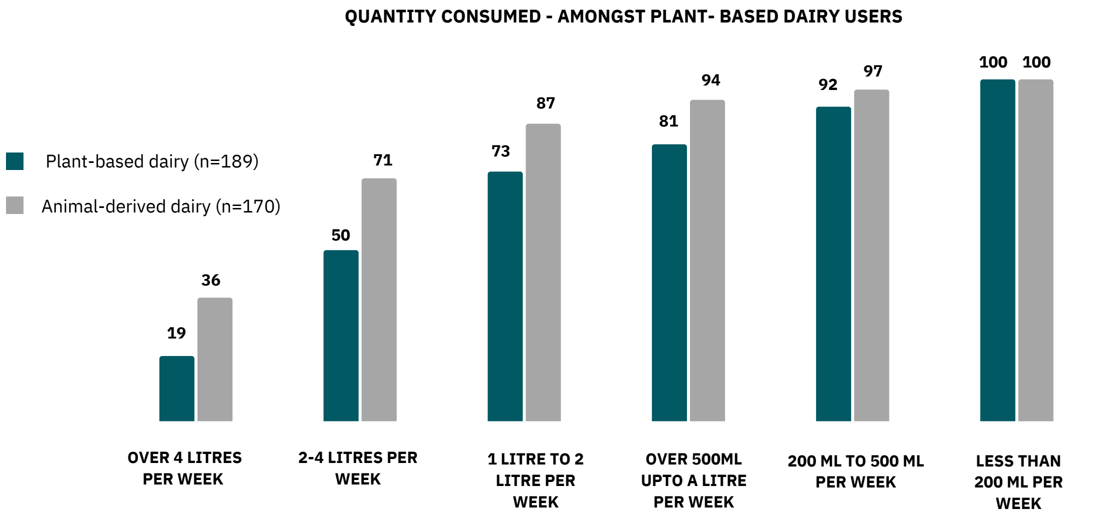
3.3.1 FREQUENCY

Even among the users of plant-based dairy, the frequency of using animal-derived products is higher than plant-based. 21% of them consume plant-based dairy products every day while 51% of them consume animal-derived dairy every day. 70% of plant-based dairy users consume the same 3 times a week and 90% of the same consumers use animal-derived products 2-3 times a week.



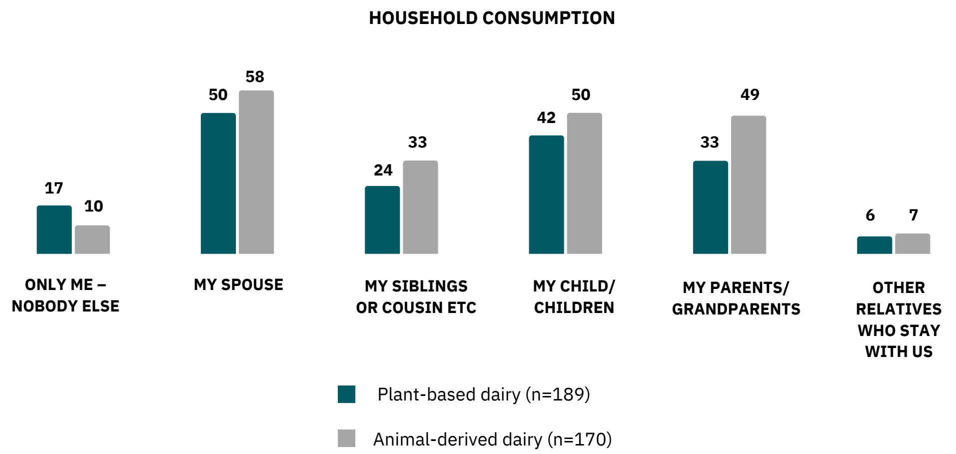
3.3.2. AVERAGE QUANTITY

In terms of quantity, on an average, plant-based dairy users consume 1.6 liters of animal-derived and 1.2 liters of plant-based milk in a week.



3.3.3. CONSUMPTION PATTERN - INDIVIDUAL/FAMILY CONSUMPTION

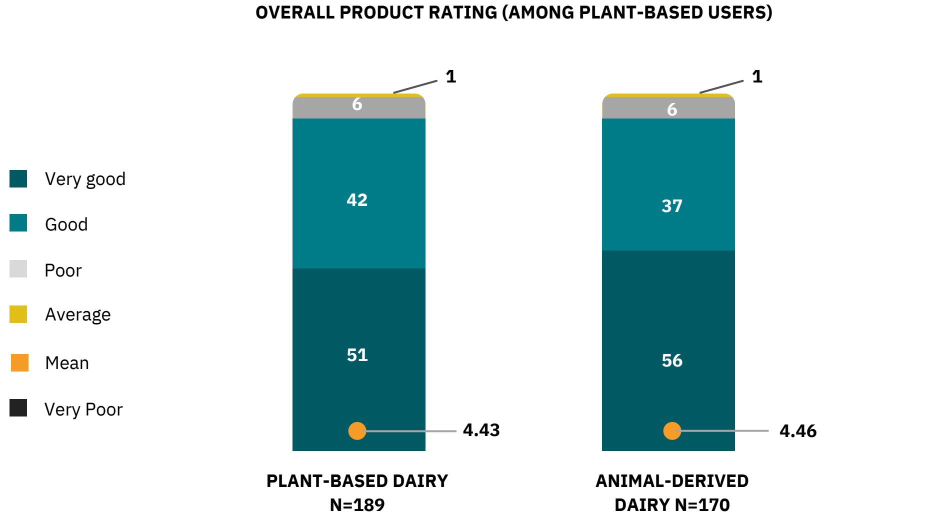
Similar to animal-derived dairy products, majority (83%) of the plant-based dairy users claim that as a product, plant-based dairy is consumed by the entire family as opposed to just the individual. This reinstates that households consume milk (animal-derived or plant-based) as a family unit and not individually.

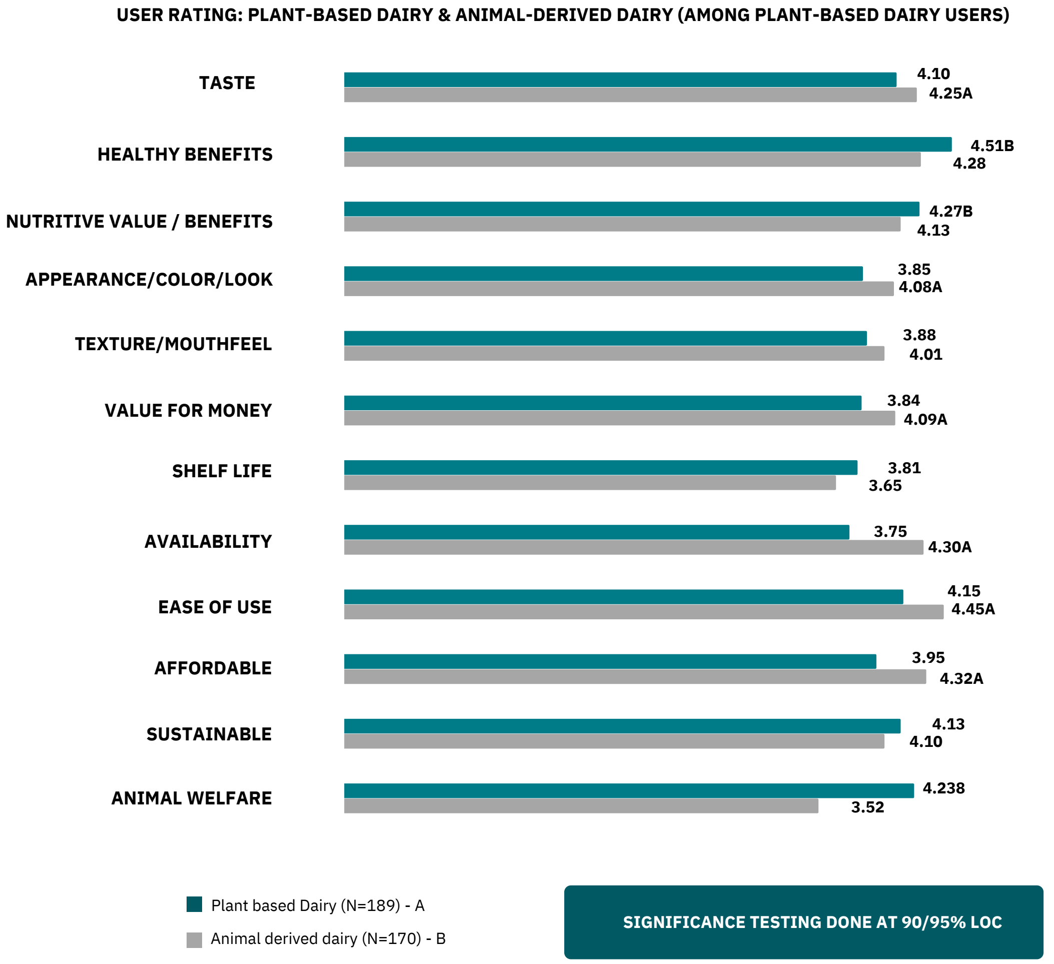


3.3.4. PRODUCT LIKEABILITY OF PLANT-BASED DAIRY AND ANIMAL-DERIVED DAIRY

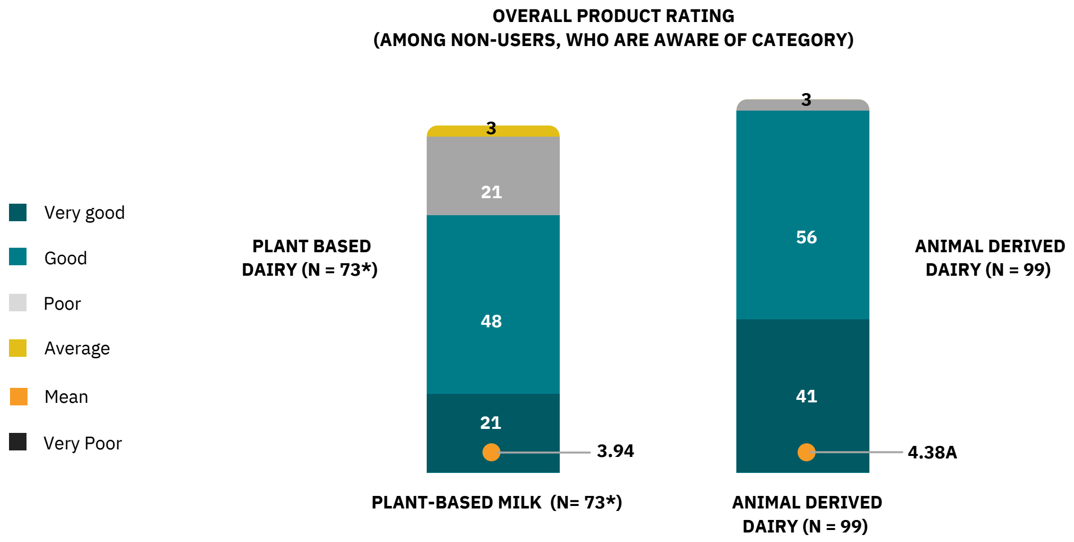
Plant-based dairy is rated at par with animal-derived dairy at an overall level by plant-based dairy users.

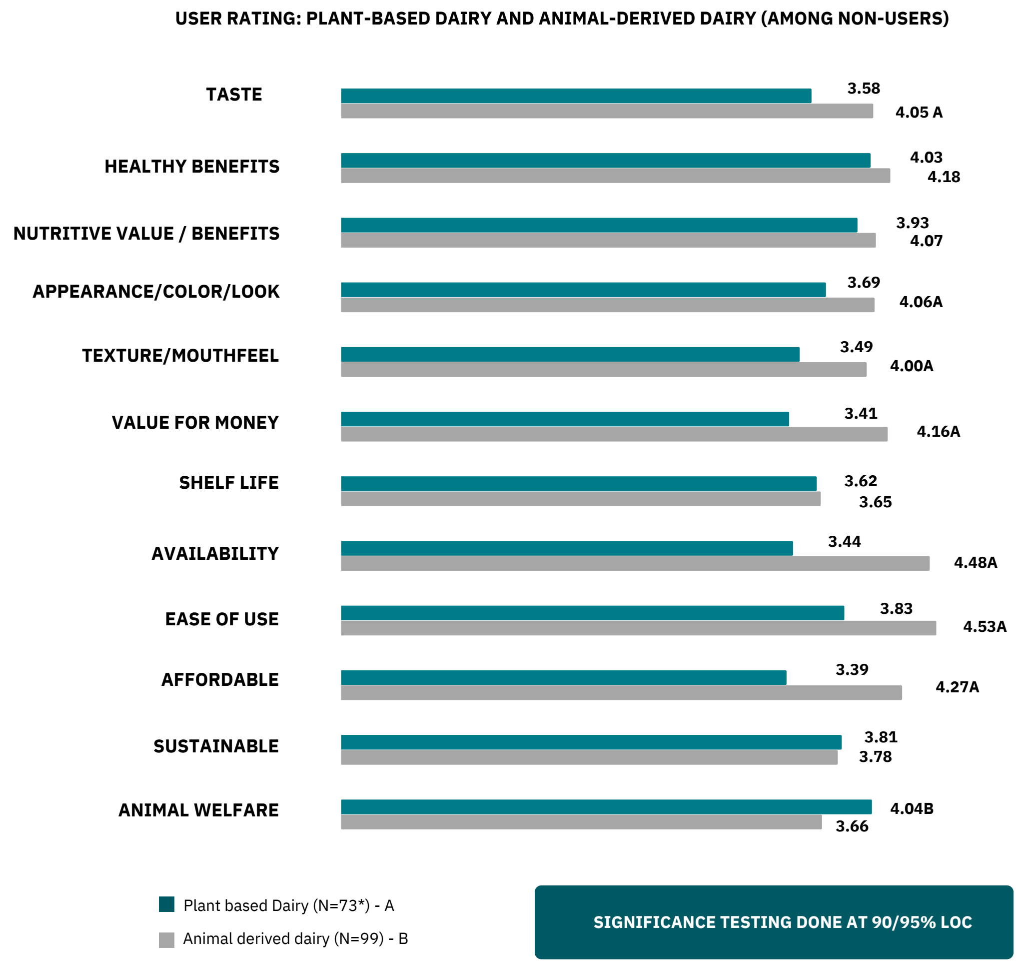
Health and sustainability are aspects on which plant-based dairy scores over animal-derived dairy while animal-derived dairy fares better on affordability, value for money, ease of use, appearance & availability parameters.





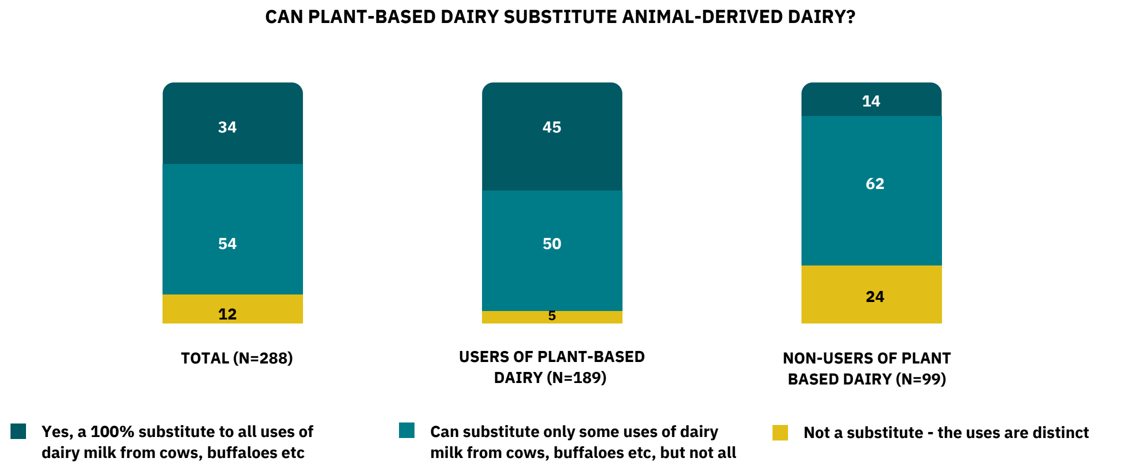
Non-users of plant based dairy rate animal-derived dairy to be significantly better than plant-based dairy. For them, animal-derived dairy scores over plant-based milk on taste, appearance, value for money, availability, convenience and affordability.



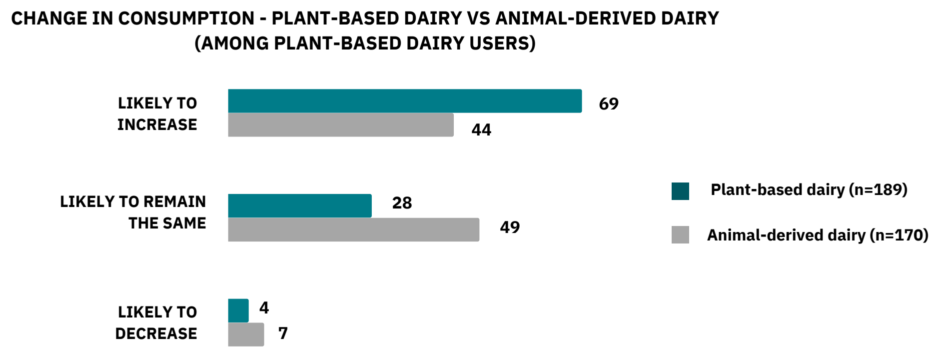


3.3.5. GROWTH POTENTIAL OF PLANT-BASED DAIRY

95% of plant-based dairy users agree that plant-based dairy can substitute animal-derived dairy but when broken down further, 45% users of plant-based milk claim that it can substitute animal-derived milk for all purposes while 50% of plant-based milk users claim that it could substitute some uses of animal-derived milk but not all.



Broadly plant-based milk users claim that they will continue using both animal-derived and plant-based milk in the future. Nearly 69% of plant-based dairy consumers claimed that they are most likely to increase their consumption of plant-based milk in the future while 44% of the same users claimed the same for animal-derived milk. This clearly shows the potential for both categories to co-exist and grow for distinct reasons, with plant-based milk emerging as a new vertical of growth for the packaged milk category as a whole.



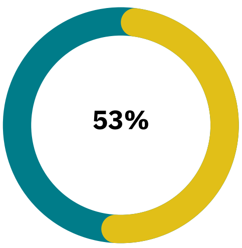
SECTION 4

PROFILE OF THE PLANT-BASED DAIRY USERS VS NON-USERS

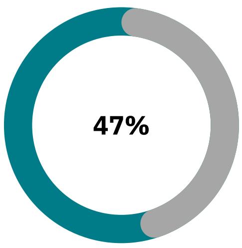
Users of plant-based dairy compared to non-users are

- relatively younger (74% in the age group of <44 years, compared to 47% of the non-users)
- have higher income (63% having a MHI of INR 50,000+ Vs 47% of non-users)
- have professional graduate/post graduate degrees (43% Users Vs 25% non-users)
- consumers with varied dietary habits - omnivores, vegetarians and vegans.

GENDER



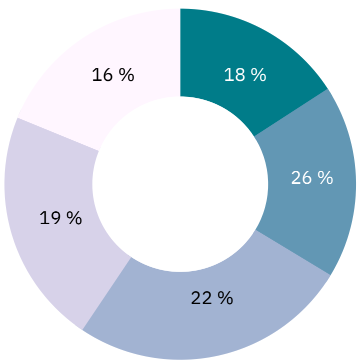
FEMALE



MALE

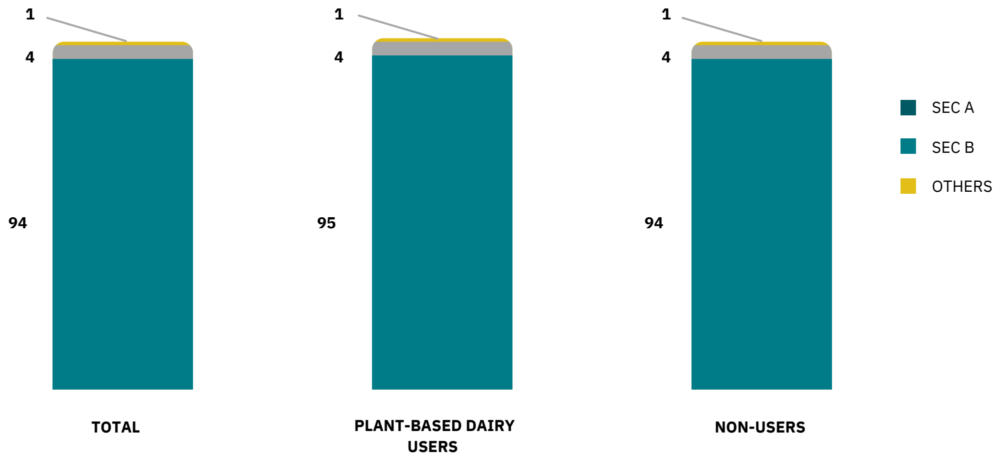
	PLANT BASED DAIRY USERS	NON USERS
FEMALE	54 %	51 %
MALE	46%	49 %

AGE

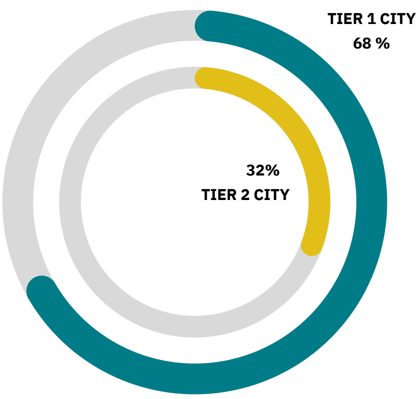


	PLANT BASED DAIRY USERS	NON USERS
18 - 24 YEARS	20 %	14 %
25 - 34 YEARS	31%	15 %
35 - 44 YEARS	23%	18 %
45 - 54 YEARS	16 %	25 %
55 - 64 YEARS	10%	27 %

SEC SPLIT

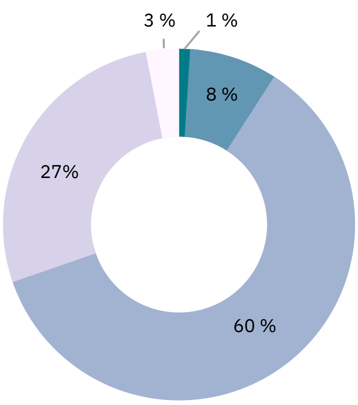


CITY



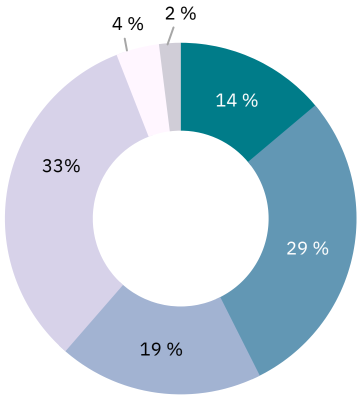
	PLANT BASED DAIRY USERS	NON USERS
TIER 1 CITY	69 %	67%
TIER 2 CITY	31%	33%

SIZE OF HOUSEHOLD



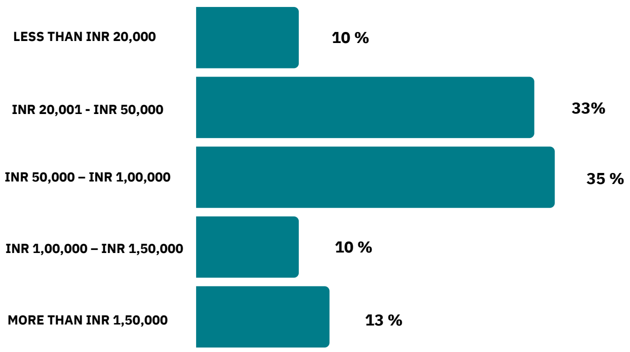
	PLANT BASED DAIRY USERS	NON USERS
1 MEMBER HOUSEHOLD	1 %	2 %
2 MEMBER HOUSEHOLD	7%	9 %
3 - 4 MEMBER HOUSEHOLD	58%	65 %
5 - 6 MEMBER HOUSEHOLD	30 %	23 %
7 +	5%	1%

DIETARY PREFERENCES



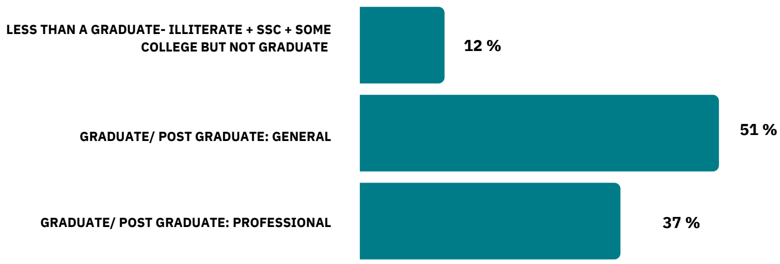
	PLANT BASED DAIRY USERS	NON USERS
VEGAN (I ALLOW MYSELF ONLY PLANT BASED FOODS)	**17 %**	7 %
VEGETARIAN BUT I ALLOW MYSELF EGG	**31%**	25 %
VEGETARIAN AND NO EGGS CONSUMED EITHER	16%	**23 %**
NON-VEGETARIAN (EAT A VARIETY OF MEAT)	30 %	**39 %**
PESCATARIAN (EAT FISH BUT NO MEAT)	4%	3%
I DON'T WANT TO ANSWER	2%	2%

MONTHLY HH INCOME



PLANT-BASED DAIRY USERS	NON-USERS
8 %	13 %
28 %	**39 %**
39 %	28 %
13 %	4 %
11 %	15 %

EDUCATION



PLANT-BASED DAIRY USERS	NON-USERS
12 %	12 %
44 %	63%
43 %	25%

ABOUT IPSOS

Ipsos is the third largest market research company in the world, present in 90 markets and employing more than 18,000 people.

Our research professionals, analysts and scientists have built unique multi-specialist capabilities that provide powerful insights into the actions, opinions and motivations of citizens, consumers, patients, customers or employees. Our 75 business solutions are based on primary data coming from our surveys, social media monitoring, and qualitative or observational techniques.

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ISIN code FR0000073298, Reuters ISOS.PA,
Bloomberg IPS:FP
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- This work was undertaken in accordance with the standards laid out in ISO 20252:2012,
- ensuring a consistent quality of work to the highest standards in the industry.
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- Ipsos has over 16,500 employees and 6,000 market researchers globally.
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ESOMAR WORLD RESEARCH

MRSI Market Research Society of India

GAME CHANGERS

In our world of rapid change, the need for reliable information to make confident decisions has never been greater. At Ipsos we believe our clients need more than a data supplier, they need a partner who can produce accurate and relevant information and turn it into actionable truth.

This is why our passionately curious experts not only provide the most precise measurement, but shape it to provide True Understanding of Society, Markets and People.

To do this we use the best of science, technology and know-how and apply the principles of security, simplicity, speed and substance to everything we do. So that our clients can act faster, smarter and bolder. Ultimately, success comes down to a simple truth:
You act better when you are sure.

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Since our establishment in 2017, GFI India serves as the central thought leader and convening body in the space of plant-based, cultivated, and fermentation-based meat, eggs, and dairy that are collectively known as the “alternative protein” or “smart protein” sector.

With unique insight across the scientific, policy, industry, and investment landscapes, we are using the power of food innovation and markets to accelerate the transition of the world's food system toward smart proteins. In building the sector from the ground up in India, we're aiming to establish a model for its growth all across the developing world. The Good Food Institute India (GFI India) is part of an international network of nonprofits with partners in Brazil, Israel, U.S., Europe, and the Asia Pacific, on a mission to build a healthy, sustainable, and just global food system.

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