NEW/ INNOVATIVE PRODUCTS DEVELOPED AND DEMANDED IN INTERNATIONAL MARKET

SRI LANKA EXPORT DEVELOPMENT BOARD
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1. MARKET OUTLOOK

- Worldwide, the Food market realized a total revenue of USD 8,245 billion in 2020.
- With 18%, Confectionery & Snacks is the largest segment of the Food market with revenues of USD 1,497 billion in 2020, followed by Bread & Cereal Products (USD 1,173 billion) and Meat (US$1,141 billion).
- All segments are growing with high growth rates, with the Baby Food segment growing the highest (59% from 2020 to 2026).
- Worldwide, the highest revenue per capita in the Food market was generated in Japan in 2020 with USD 5,555.
- Food is still a niche category in e-commerce due to logistical hurdles. An emergence is only likely when retailers can seamlessly connect online and offline sales channels and leverage existing logistics chains.
- The international brand manufacturers Nestlé, PepsiCo, Danone, Kraft Heinz and Mondelez International are the most important key players in Food sector.

2. OVERVIEW

New lifestyles, higher incomes and better consumer awareness are increasing the demand for a year-round supply of innovative food products. In past decades, important developments have been achieved in areas related to food and the food industry. Today's manufacturing companies rely much on the success of new products, and this has become critical for a healthy business performance, having in mind the present competitive and fast shifting markets. Developing appropriate strategies for achieving successful new product development (NPD) has required increasing consideration.

Presently, the food sector is considered one of the most important in the current global economy. Nevertheless, food industry or food service companies still face many challenges in managing their products and competing in the market. In fact, the food manufacturing industry has been recognized as an area with high degrees of new product failure. Product variety is beneficial in a way that offers potential to expand markets, with economic benefits by increasing sales' volume and revenues. This market expansion can have two dimensions: on one hand, to reach entirely new customer segments, while on the other, being able to sell to existing customer segments more customized products repositioned as premium options.

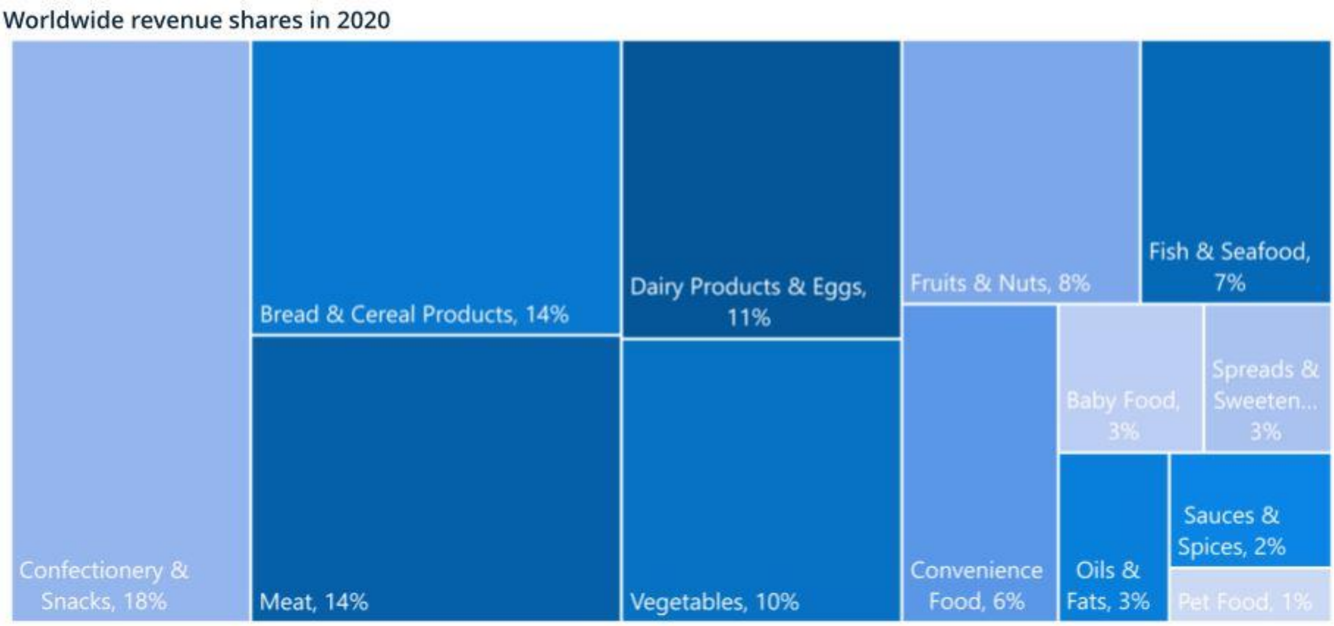
Historically, three main research perspectives in new food product development can be pointed out: a technological perspective, a market-oriented perspective and a consumer-led product development.

A technological perspective according to which technological progress was the main driver of research and innovation in early times. Examples include technologies such as freezing or pasteurization or more recently projection, all technologies that were quite innovative in their own time. A market-oriented perspective, according to which, back in the mid of 60s, the establishment of marketing and appearance of supermarkets allied to new packaging and increased competition led to innovations in manufacture and marketing of distinguishable foods. A consumer-led product development, which has more recently attracted attention to increase new products' success. (Raquel P. F. Guiné, 2020)

In most foreign markets, long-term consumer spending trends show declining expenditure shares for staples (like rice and wheat) and increasing shares for higher value food items such as meat, dairy, fruits, and vegetables. These shifts in food-demand trends have reshaped global food marketing and prompted changes in the global food-industry structure. Food suppliers and retailers have responded to demand by modifying their products and retail formats to better meet consumer needs. Additionally, multinational retailers have expanded in developing countries. Moreover, the global-food industry structure has been changing as manufacturers and retailers adjust to meet the needs of consumers, who are increasingly demanding a wider variety of higher-quality products.

Increasing demand for convenience, packaged, and processed food product and government support to adopt trendy agricultural techniques are a number of the driving factors for the food & agriculture technology and product market. Use of huge information in agricultural farms and new technologies used for food process is making profitable opportunities for key players within the market globally.

COVID-19 has also played a significant role in shaping recent attitudes towards convenience. When consumers were asked why they shopped online, social distancing was the number one reason given in 2020. The pandemic has also affected consumers' cooking habits, with stay-at-home lifestyles prompting higher levels of scratch cooking. However, this is not to say that all convenience foods suffered as a result, with many consumers switching to semi-convenience.



3. GLOBAL TRENDS AND PRODUCTS IN DEMAND

3.1 Health and wellness food trends in Europe

Health and wellness foods have been one of the defining trends for the food and drink industry in the past few years. Consumers continue to care deeply about how what they eat and drink affects their well-being. Health concerns influence a variety of dietary decisions. In Europe for example, over half of vegans stated they changed to this diet due to health concerns. In Germany, almost a quarter of consumers who do not eat dairy products avoid dairy for health reasons. In neighboring Poland, health motivates half of the dietary supplement consumers, who take these products as prophylactics. These examples are just the tip of the iceberg; the global health and wellness market is forecast to be worth one trillion dollars by 2026.

Meat consumption and substitutes

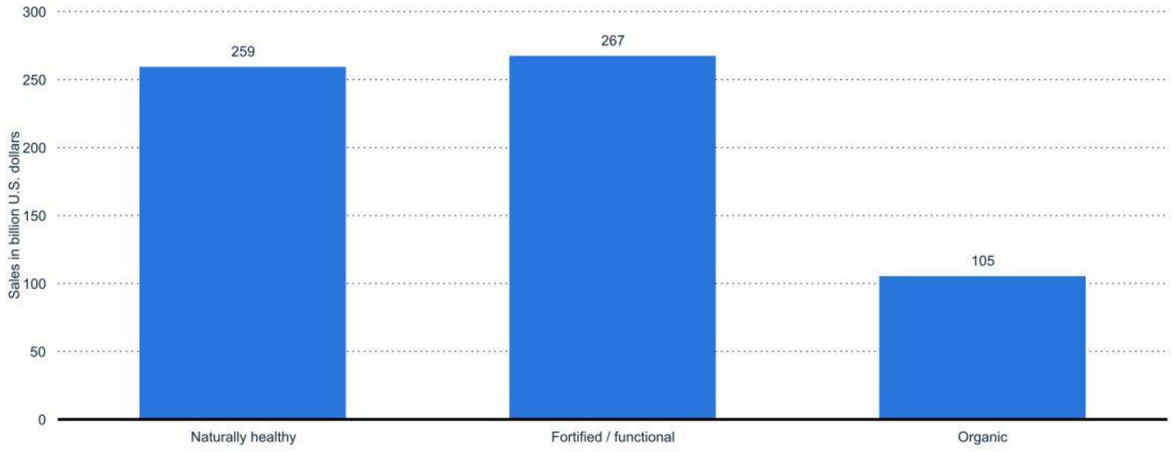
Health is one of the three big reasons for people to eat less meat, together with animal welfare and environmental concerns. The reduction in meat is accompanied by a need to replace it. Meat-imitating substitutes are increasingly fulfilling this need. With the progressively better taste and texture quality comes an increased consumer demand. In Europe, the market value for meat substitutes amounts to 1.7 billion euros. This is the result of a decade of continuous growth, which is expected to continue way into the middle of the century. Grain-based meat substitutes have the highest market share, closely followed by soy-based products.

Probiotics

Compared to the European dietary supplements, organic food, or even meat substitutes market, probiotics still play a small role. The market value of probiotics is approximately 560 million dollars. Online stores account for almost one hundred million dollars of the total market value. Consumers perceive probiotics as healthy additions to their diet. Gastrointestinal health applications make up the lion's share of the probiotics market, with immune health applications following as a distant second.

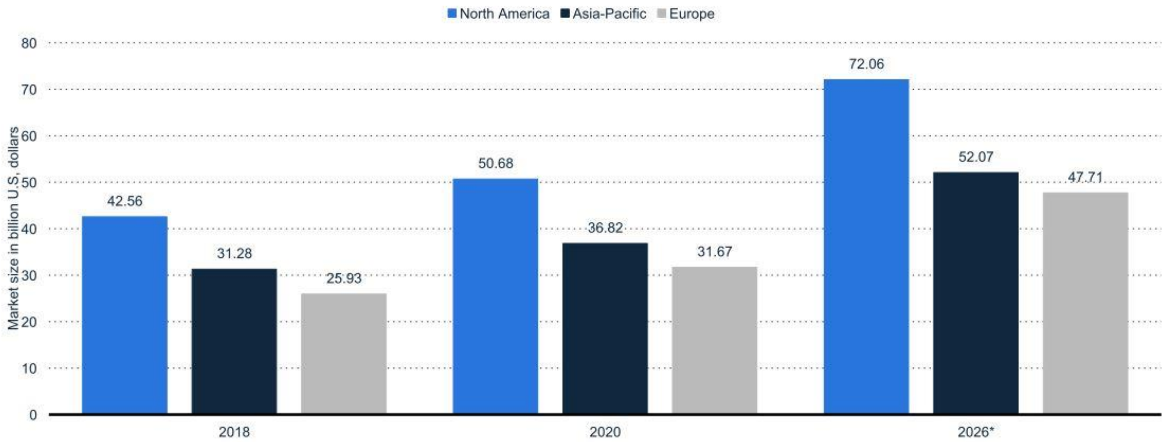
Global health food and beverage sales as of 2020, by product category (in billion U.S. dollars)

Global healthy food & beverage sales 2020, by category



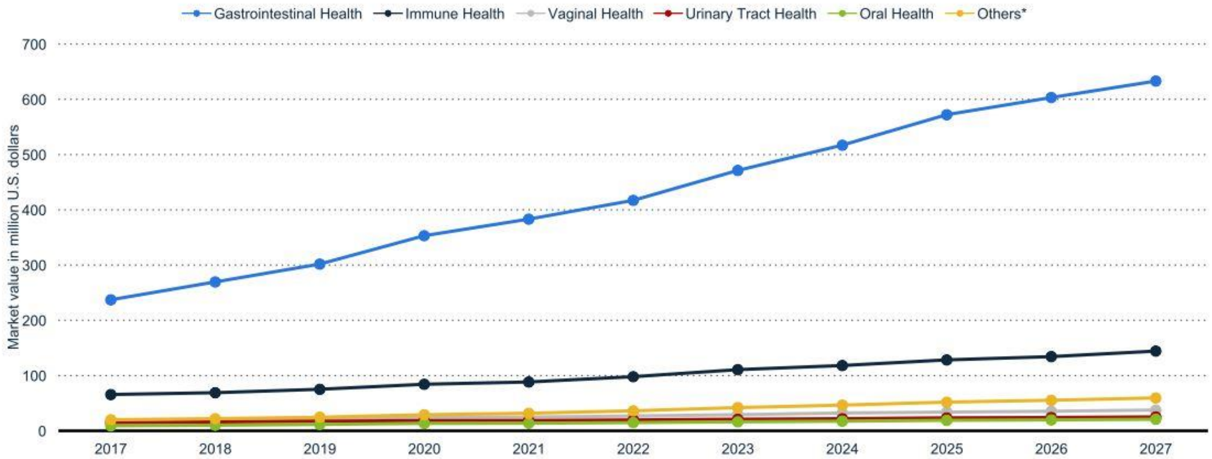
Value of the dietary supplements market worldwide in 2018 and 2020 with a forecast to 2026, by region (in billion U.S. dollars)

Regional breakdown of the size of the global dietary supplements market 2018-2026



Forecast of the probiotic supplements market value in Europe from 2017 to 2027 (in million U.S. dollars), by application

Probiotic supplements market value in Europe 2017-2027, by application



3.2 Health and wellness food trends in the United Kingdom

Dietary habits across the Western world are evolving. One of the major drivers of changing food and drink consumption is a more health-conscious consumer. This is visible in the United Kingdom, where one of the leading reasons for being vegan is the desire to lead a healthier lifestyle. The number of vegans in Britain has been growing for years and will likely increase further. Similarly, a leading reason for buying organic products is that customers perceive them to be healthier than other products. The organic food and drink market in the UK currently generates over two billion British pounds.

The shift towards meat-free products

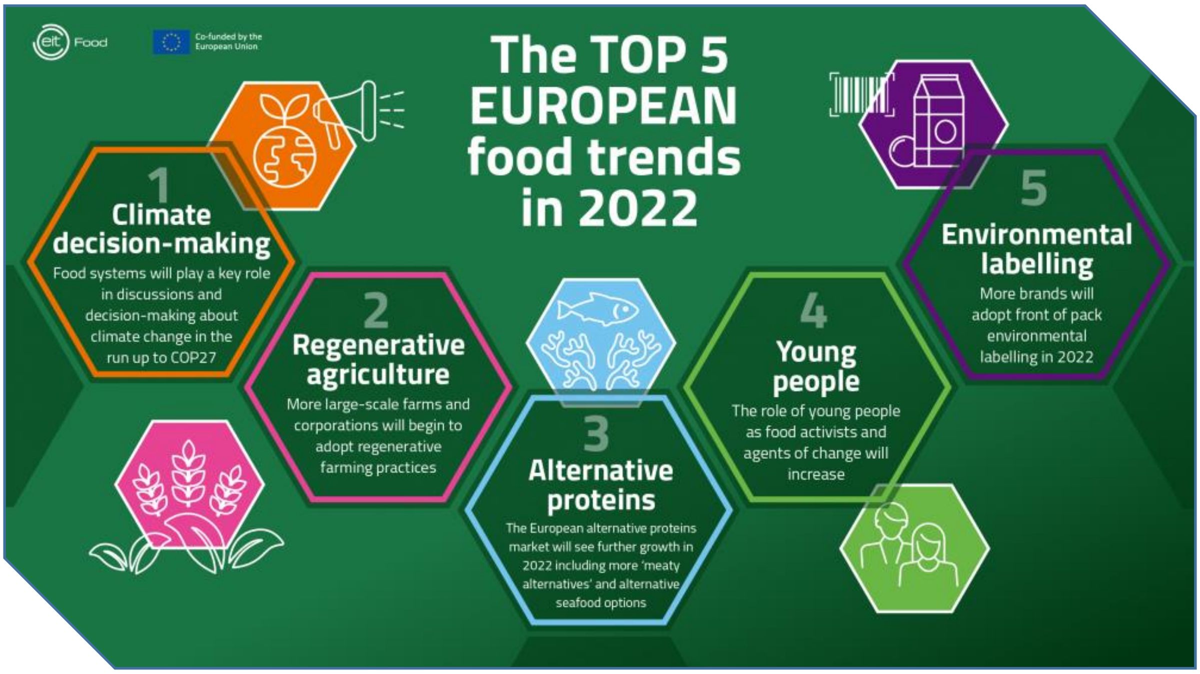
Meat is increasingly seen as a product that is less healthy than other food and damaging to the environment. In an attempt to avoid or reduce the intake of meat, eating behaviors are changing. As a result, a sizeable share of the UK population is consuming more meat free meals. Even among those who think of themselves as meat eaters, about a quarter stated that they tried to reduce their meat consumption. Together, plant-based alternatives and vegetarian products generated a sales revenue of over one billion British pounds in the UK.

The fight against sugar

The UK government introduced a tax on sugary drinks to encourage producers to reduce sugar content in their products, as well as portion sizes. Low and no calorie drinks made up over a third of the carbonated soft drink market.

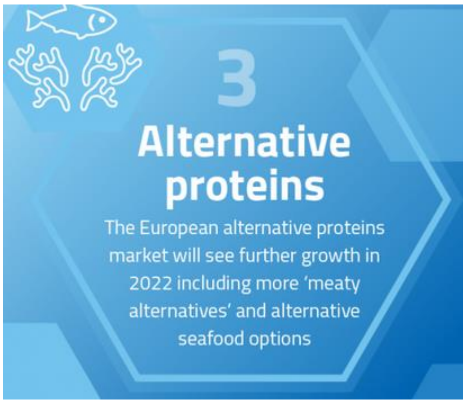
Healthy Meals & Snacks for Long Drives

3.3 European Food Trends 2022



Collaboration between organizations in the food system is likely to increase in 2022 and food brands will be under greater pressure to further develop sustainability roadmaps. Policymakers will also be expected to start to introduce further legislation that encourages sustainable and ethical practices within the food system. As part of the Paris Agreement, countries recently submitted action plans to reduce their carbon emissions and adapt to the impacts of climate change. In these plans, known as Nationally Determined Contributions (NDCs).

With the concerns on soil health, more food brands and large-scale farms are recognizing the importance of protecting and preserving soil and farmland. Regenerative agriculture has gone from being a 'marketing strategy' to becoming a real solution to current unsustainable food production models. By restoring the environment, and increasing biodiversity and food quality, producers at all levels, from smallholder farmers to large corporations, are starting to explore and transition to regenerative agriculture practices.



High profile investment into alternative protein innovation is also likely to grow in 2022, and this investment by meat companies represents wide recognition that cultivated, or cell-based meat, is indeed the direction the industry is travelling in, and collaboration between these sectors is going to be crucial for the future of sustainable protein diversification.

The rise of youth activism has seen widespread attention in recent years, and the food system is no exception in this. Young people are calling for change with how food is produced and consumed in Europe and they are demanding a seat at the decision-making table. With this in mind, 2022 will likely see more young people starting Agri food businesses.

Environmental food labelling will allow consumers to see the environmental impact of a food product on its packaging so they can make more sustainable food choices. This also means that businesses that want to be good corporate citizens will gradually improve their ratings which, in turn, will create food chains that are much more sustainable.

(Food, 2022)

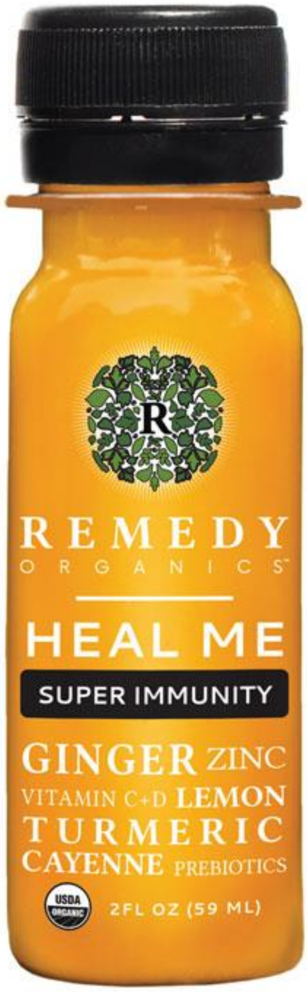
4 Global Trends and New Products Demanded in 2021

Product diversification in many industries is highly important to increase sales, for cost savings, entering to new markets, and produce hybrid products and also to increase brand image. With the global financial market liberalization, firms are increasingly using the product diversification strategies to expand the market share and also to improve the financial performance.

4.1 FUNCTIONAL FOODS

Market Movers

- Chobani Complete Advanced Nutrition Yogurt touts protein completeness, enhanced digestibility, and the presence of all nine essential amino acids.
- Nestlé's Natural Bliss plant-based coffee creamers deliver oat-based prebiotics, pea protein, and coconut oil with MCTs (medium-chain triglycerides).
- Bel Brands USA's new Babybel Plus+ Probiotic and Babybel Plus+ Vitamins are among the first nutraceutical snacking cheeses.
- Herbalife Nutrition has introduced a Protein Baked Goods Mix for healthier baked goods.
- Ready-to-drink Tazo Calm tea is available from Unilever.



Example: Remedy Organics
Formulated with ingredients like vitamin C, vitamin D, acerola, zinc, and prebiotics, Immunity+ Shots from Remedy Organics come in four varieties, all designed to support immunity.

4.2 ALTERNATIVE FORMULATIONS

Increasingly, consumers are seeking alternative food and beverage formulations that help them avoid unwanted ingredients and/or perceived allergens. They're tapping into specific diet plans in order to align their food and beverage choices with personal nutritional or ethical goals.

Sales of foods positioned as clean label or non-GMO each grew around 12%. The International Food Information Council (IFIC) reports that four in 10 consumers try to avoid GMOs, and one-quarter avoid bioengineered foods. Six in 10 consumers look for minimally processed foods. Only 9% of adults are looking forward to seeing more lab-grown proteins in 2021, according to Datassential.

Example: Scotty's Everyday
Developed by a pastry chef/food scientist Scotty's Everyday Keto Bread Mix (a bestseller on Amazon) and Pizza Dough Mix contain zero net carbs, have no nut flour, and are gluten-free.

Market Movers

- Partake Foods' multipurpose baking mix does not contain any of the big eight allergens and is gluten-free.
- Nest Fresh introduced Free-Range Non-GMO eggs.
- That's it fruit barsare non-GMO, vegan, gluten-free, and free from the top 12 food allergens.
- Coconut Whisk Chocolate Chip Cookie Mix is vegan and gluten-free.
- The trend to grain-free continues. Nature's Path Grain Free Hot Cereal is also paleo friendly.
- Longève Breadless Crumbs deliver7 grams of pea protein per serving and are gluten-free.

4.3 THE KID CONTINUUM

Half of families make separate meals for their kids often or sometimes when eating together. Nearly two-thirds of family households increased their frozen food purchases in 2020, peaking among those with kids aged 7–12. Dinner drove frozen food purchases for 77% of parents; lunch, 59%; snacks, 48%; breakfast, 46%; desserts, 31%; and beverages/smoothies, 15%, per the American Frozen Food Institute (AFFI).

Per the Dietary Guidelines for Americans, vitamin D, calcium, dietary fiber, and potassium are the nutrients of public health significance deficient in children aged 1–8. Nutrients under consumed but not a public health issue include vitamins A, C, E, K, magnesium, and choline.

Example: Gerber
Sold in the frozen aisle, *Freshful Start Organic Veggie Bites* offer toddler snackers one full serving of vegetables.

Market Movers

- Gerber's meals for toddlers now include a Mashed Potatoes & Gravy with Roasted Chicken variety.
- Horizon Organic's Growing Years Milks deliver DHA omega-3, choline, and prebiotics as well as protein and calcium.

4.4 GLOBAL/ ETHNIC FLAVOURS

One-third of consumers are looking forward to trying new global foods and/or flavors this year, and 42% seek out spicy foods, according to Datassential. Consumers rank Japanese and Mediterranean as the healthiest cuisines, followed by Thai, Korean, Chinese, Indian, and Caribbean, per Datassential. Two-thirds of adults buy frozen foods to try a new cuisine, according to AFFI (American Frozen Food Institute).

Spicy Asian sauces, along with furikake, shiso, miso, sambal, aji amarillo, piri piri, salmoriglio/agliata, chamoy (made from pickled fruit), and chintestle (a smoked chile paste), can be expected to move mainstream. Substituting global look-alikes—Indian kheer for rice pudding, Chinese rou jia mo sandwiches for traditional burgers, and Italian panzerotti for a new twist on popular handheld pocket meals—will remain a very strong trend. Ethnic stews and ragus are well suited for slow cookers.

Example: Saffron Road
With Saffron Road Simmer Sauces, home cooks can add a global flair to the dinner menu in a matter of minutes.

Market Movers

- CLO-CLO Vegan Foods introduced new frozen Caribbean, Moroccan, and Tuscan pizzas.
- Fifth Taste Foods brought oo'mäme¯ Chile Crisp spicy umami condiments in Szechuan, Mexican, and Moroccan flavors to market.
- Saffron Road brings flavor from around the globe to its line of simmer sauces and on-the-go meal pouches in Chickpea Masala and other flavors.
- Zelo's Greek Cuisine Classics spice blends include Greek Shepherd's Souvlaki + BBQ and Greek Granny's Tzatziki mixes.
- Fazlani Foods introduced hummus in Peri Peri and Black Olives varieties.

4.5 PRODUCTS WITH ORIGIN CLAIMS

Products with origin claims (e.g., "made in the USA," "artisanal," or "local") posted the highest dollar sales growth among foods/beverages carrying a benefit descriptor for the year 2020. "Real ingredients" was the most sought-after descriptor on frozen foods, per AFFI. Claims supporting societal care (e.g., "B-corporation," "eco-friendly," or "fair trade") grew 14%. One-quarter of consumers say knowing where their food comes from is very important, according to IFIC (International Food Information Council).

A geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin. In order to function as a GI, a sign must identify a product as originating in a given place.
Eg: Ceylon Cinnamon from Sri Lanka.

Example: Renewal Mill
Renewal Mill urges customers to fight climate change by purchasing its cookie mixes made from upcycled ingredients.

Market Movers

- Maple Leaf Foods is labeling its Light life and Field Roast Grain Meat Co. brands as "carbon zero."
- Panera advertises that it's Cool Food Meals "come with a lower carbon footprint."

4.6 PLANT-BASED FOODS

Plant-based dairy will grow from $4.3 billion to $5.2 billion by 2024, according to a Packaged Facts alternative dairy product report. Milk, followed by ice cream, yogurt, creamers, and cheese will be the largest categories; spreads, dips, sour cream, sauces, and cheese will have double-digit growth. Sales of egg alternatives will reach $50 million by 2024.

Seven in 10 adults want more frozen meal options that contain fruits and/or vegetables; 58% want more plant-based carb/starch alternatives (e.g., riced cauliflower); 52% want more blended meat/vegetable items; and 51% seek more plant-based entrées, per AFFI. Plant-based marketers need to close the nutrient parity gap, provide instructions and/or recipes for optimal preparation and cooking, and pursue cleaner labels.

Example: Bolthouse Farms
Green Goddess Dressing & Dip from Bolthouse Farms clearly communicates its plant-based formula.

Market Movers

- Plant-based ground veggie dinner mixes from Urban Accents come in Korean BBQ and Street Taco varieties.
- Haven's Kitchen plant-based sauces include a Red Pepper Romesco variety.
- Danone's Silk Ultra with 20 grams of complete plant protein is targeted for muscle performance, maintenance, and repair.

4.7 COPE WITH KITCHEN BURNOUT

The high level of cooking engagement seen earlier in the pandemic gave way to cooking fatigue and time pressures later in the year. According to a Hartman report, 26% of all dinners in 2020 involved heavy preparation, up 3% versus 2019; 27% of lunches included moderate preparation, up 6% versus 2019.

Sales of value-added fresh pre-seasoned and precooked meat and poultry, up 29% during the pandemic, per FMI's (Food Marketing Institute) meat report, will continue to grow. Infused meats (e.g., Hormel Black Label Premium Ranch Thick Cut Bacon) and those involving sous vide technology are among the innovative new offerings.

Over half (55%) of households bought frozen side dishes more than twice a week last year, per AFFI. Side dishes were the fastest-growing fresh prepared food category for the year ended January 2021, according to the International Dairy Deli Bakery Association (IDDBA), up 8.8%. Stuffed items like Bantam Bagels' pretzel bagels stuffed with cheddar Dijon cream cheese and Rösti Melted Swiss Raclette Crispy Filled Potatoes are tempting consumers.

Example: Swiss Rösti
Featuring shredded potatoes stuffed with cheese, the Rösti Melted Swiss Raclette is an easy but fun appetizer or side dish option for kitchen-weary home cooks.

Market Movers

- The Green Giant brand has added several veggie combos made with Dash salt-free seasoning to its Simply Steam frozen veggie lineup.
- Lundberg's quick-cooking Traditional Italian Risotto mixes require minimal stirring.
- Single-serve Philadelphia Cheesecake Crumble comes in four varieties.
- Laughing Cow & Go portable cheese and breadstick snack cups add a snackable dimension to the spreadable cheese brand.

4.8 EVERYDAY SPECIALS

The demand for more premium/specialty foods to create restaurant-style meals and coffee shop experiences at home continues to grow. Moreover, with movie/date nights, social entertaining, gaming, and special occasion celebrations now centered around the home, the demand for entertainment-worthy foods will be stronger still. Demand for fresh fish/seafood was up 39% in January 2021 versus a year earlier, according to IRI's Consumer Demand Index.

Example: Savorly
Inspired by European appetizer trends, 'Savorly' frozen appetizers are designed to make entertaining both simple and elegant.

Market Movers

- Act II microwave popcorn comes in a Mac & Cheese variety.
- Orville Redenbacher's Pop Kit with Movie Theater Butter is perfect for family movie nights.

4.9 WINNING COMBINATIONS

With four in 10 meal preparers looking for unique foods and ingredients when preparing meals, per FMI's (Food Marketing Institute) grocery shopper cooking report, products that combine unexpected foods, flavors, and even dayparts are a very big idea. Consumer interest in having plant/meat blends in the meat case (76%) exceeds the level of interest in meat alternatives (62%), per FMI's meat report. Nearly one-third of consumers think that fusion foods such as Korean tacos are a good way to try new international flavors and foods are doing double duty as flavors.

Kellogg's cereals (e.g., Froot Loops), star as flavors in Nestlé's nutritional meal replacement drinks. Post Cereal's single-serve cereal snack packs are ready to munch throughout the day. American regional preparations, including Pizza Hut's Detroit-style Pizza, have met with great success. Regional barbecue sauces, such as Alabama's white or Carolina's mustard and vinegar–based varieties, are an overlooked market opportunity.

A mix-and-match approach in which technologies traditionally associated with one product category are applied to a new and different category is a hot trend for 2021. Think whipped milks and coffees and fermented honey.

Example: Applegate Natural and Organic Meats
Pairing plant and animal protein, organic Applegate Well Carved Meatballs deliver on the company's motto of "changing the meat we eat.

Market Movers

- Laughing Cow Blends combine spreadable cheese with beans, chickpeas, or lentils.
- Strong Roots switched out potatoes in its Cauliflower Hash Browns.
- MOR snack mixes contain dried cheese along with nuts and fruit.
- SNAX-Sational Brands' Candy Pop snacks pair popcorn with popular candy brands.

4.10 FOUR-LEGGED FAMILY MEMBERS

Expect 2021 to be a blockbuster year for the pet food (including functional pet food) and supplement businesses. Sales of pet foods and treats reached $39 billion in the United States in 2020, per the American Pet Products Association (APPA). Pet supplement sales jumped 21% in 2020 to $800 million and are projected by Packaged Facts to top $1.2 billion by 2025. Pet CBD product sales are fast approaching $100 million.

U.S. residents aren't the only pet lovers. European pet food market sales topped $23 billion in 2020, per APPA. Pet food sales in China are projected to reach $24.5 billion by 2024.

Functional food/functional pet treats are poised to compete with pet supplements. One-third of owners say they are willing to spend more for food with extra health benefits. Supplements for joint health/mobility lead the list of most purchased pet supplements, followed by multi-vitamins and supplements for skin/coat and immunity.

Watch for more human-grade and fresh pet foods and superfoods as well as the use of exotic/novel proteins and alternative grains in formulations. The U.S. Food and Drug Administration's most recent results of an investigation into canine dilated cardiomyopathy failed to show a link with grain-free foods. The focus in the future may be on digestibility and taurine status.

Meat/poultry as the first ingredient, grain free, limited ingredient, high omega-3, probiotic, antioxidant, and allergy formulations are currently the most popular ingredient-driven formulation trends.

Example: Wolf Spring
Billed by their developers as the first functional beverages for dogs, Wolf Spring waters are formulated to address some of the most common gaps in canine nutrition—glucosamine, prebiotics, and omega-3s.

Market Movers

- Nulo Challenger hearty stews for dogs are human grade and paleo inspired.
- Plato Pet Treats Thinkers sticks are meat sticks and include a variety made with New Zealand lamb with EPA and DHA for brain, skin, and coat benefits.

(Sloan, 2021)

5. LATIN AMERICA AND THE CARIBBEAN (LAC) TRENDS

By 2050, the production of food will need to grow about 70% to meet the demand of more than 9 billion people from around the world. And as one of the largest net global exporters of food, Latin America and the Caribbean (LAC) will have immense opportunities to tap this growing market.

LAC is expected to average a 2.6% food and beverage industry growth from 2016-2021, ahead of Europe and North America, and shy of projections in the 3-4% range for Africa, Asia and the Middle East.

Moreover, industry growth in Latin America is expected to outpace global averages during 2018-2030 in poultry (2.9% growth), seafood (2.5%), and cooking ingredients (3.5%). And South and Central America and the Caribbean could expand its 12% share of global food and agriculture exports.

Stepping up the region's food and beverage production to meet the market's demands will require small and medium enterprises (SMEs) to adopt new technologies and to innovate. Here is a sample of the type of innovations being led by some companies in LAC and around the world. Several new electronic platforms that connect buyers and sellers' help producers find market opportunities, and reduce costs and the role of middlemen in the supply chain.

(Bank, 2019)

The COVID-19 pandemic accelerated Brazilian consumers' trend towards a healthier lifestyle. Companies in Brazil, following international trends, will keep looking to launch products with immunity-boosting benefits. The plant-based products will also see continued growth in the country, with a higher number of products being launched every year. In addition, there is a growing demand for ingredients that allow manufacturers to have products with a "clean" label (with claims like natural, organic, and gluten-free) and clear label (with information about the sourcing of ingredients, the manufacturing process, and more transparency about the ingredients). Therefore, although consumers continue to be price-sensitive and more careful with food purchases, premium products and ingredients with competitive prices, more differentiation, and perceived added-value still have a competitive advantage.

Products Present in the Brazil Market which Have Good Sales Potential (US$ Thousands)

HS Code	Product	Brazil Total Imports	Imports from U.S.	U.S. Market Share (%)
230990	Animal Feed Preparations Other Than Dog Or Cat	302,628	47,399	16
210690	Food Preparations	247,767	39,058	16
350790	Enzymes And Prepared Enzymes	166,004	33,577	20
151790	Other edible mixtures preparations of fats, oils, etc.	96,879	7,400	8
330210	Odoriferous Substances	74,939	29,480	39
330129	Essential Oils	48,628	9,022	19
350220	Milk Albumin, Including Concentrates Of Two Or More Whey Proteins	40,471	17,599	43
130239	Mucilages And Thickeners	32,191	4,271	13
121020	Hop Cones, In The Form Of Pellets	28,721	10,330	36
350400	Peptones And Derivatives	28,623	6,020	21
130213	Vegetable Saps And Extracts Of Hops	28,402	23,136	81
040490	Products Consisting Of Natural Milk Constituents	25,287	10,877	43

6. NEW OPPORTUNITIES

1) Dairy alternatives market could reach 50.87 billion dollar by 2028.

According to a recent market report on Reports and Data, the global dairy alternatives market could reach a value of USD 50.87 billion by 2028, registering a compound annual growth rate (CAGR) of up to 10.5% during the analyzed forecast period.

In particular, the increasing number of cases of lactose intolerance in the rapidly growing global population will strongly drive the revenue growth of the market during the forecast period. According to the National Institutes of Health (NIH), in the U.S. alone, approximately 65% of the population has difficulty digesting lactose, which represents a large target population. Consumers with lactose intolerance often consume low-fat, cultured and lactase-treated milk and dairy products, as well as other varied and balanced products. Plant-based alternative beverages and dairy products also offer them benefits because they can be consumed despite lactose intolerance or cow's milk allergies and are often cholesterol-free and low in calories.

- The soy milk segment is expected to hold the largest market share in the global dairy alternatives market during the forecast period. Two major factors driving the demand for soy milk are changing consumer preference for vegan diets and increasing cases of lactose intolerance. The increasing prevalence of milk allergies is also driving demand for products made from milk alternatives such as soy milk and almond milk. Soy milk is a rich source of vitamins, proteins and potassium and has a lower calorie content than cow's milk. Due to its high nutrient content, it is considered an ideal substitute for dairy products. Another factor driving the growth of this segment is the increasing consumption of tofu, which is made from condensed soy milk in Asia Pacific and is an alternative to cottage cheese and meat.
- Sales in the almond milk segment over the forecast period will also show a rapid growth rate. Demand for almond milk in various sweetened and unsweetened flavours is growing, especially among the younger population.
- The flavoured formulations segment during the forecast period will also see steady sales growth. For example, soy milk in vanilla and chocolate flavours is particularly popular with vegan consumers.
- The beverage segment is expected to expand significantly in terms of sales development over the forecast period. Dairy drinks made from alternative protein sources are considered a healthy option due to their content of important minerals and vitamins. They are also low in or free of cholesterol and fat, and have no lactose concentration, which strongly boosts demand.

2) Beverage Sector: From alcohol-free to ecologically packaged

Natural ingredients, sustainable drinks and enjoyment with added value - through Covid-19, a new sensibility for health and one's own body awareness has developed. The question "What is good for me?" has become synonymous with an increased expression of self-care in recent weeks and months. From the customers' point of view, beverage producers have long been more than just producers and should promote a holistic lifestyle with their products.

While the focus in the non-alcoholic beverage segment in the past was mainly on the modification of spirits, currently innovative wine alternatives are becoming increasingly popular. A look into the future shows how worthwhile the segment is: according to forecasts by Fact.MR, the global non-alcoholic wine market will be worth $10 billion by 2027. Surprising and innovative flavours are in vogue. Brands are therefore relying on unusual ingredients to create completely new taste experiences. The "low-alcohol beverages" are particularly attractive for a health-conscious and active group of buyers, as they have only little sugar and calories.

“Less is more: sustainability as a megatrend”. When choosing a drink, it is not only what is in it that counts. The packaging is also important, which is why more and more manufacturers are contributing to more sustainability by developing environmentally friendly packaging solutions. New technologies are also being used in the spirits sector to make the production process more sustainable and efficient.

3) Urban Farming Market

The food industry is a major driver of health and economic wellbeing in Asia, accounting for about 17% of the region’s total GDP and 35% of the total labour force, according to a report by PwC and Food Industry Asia.

However, Covid-19 has exacerbated and exposed the flaws of a globalized and unsustainable food system, with rapid changes in the accessibility and affordability of goods shining new light on local food security and its vulnerabilities. With an expected 250m more mouths to feed in the region by 2030, the rise in Asian urban farming reveals a more democratic and secure way forward for private institutions, the public sector and citizens to become more involved in sustainable practices.

By 2050, 2.5bn more people are expected to live in urban areas; almost 90% of that increase will take place in Asia and Africa (source: UN). Spending on food in Asia is expected to double to £5.9 trillion ($8 trillion, €6.7 trillion) by 2030 (source: Temasek, PwC and Rabobank). Among young high-net-worth Asians, interest in combining financial and social goals is high, with 86% thinking they have more opportunity to tackle societal issues through investing (source: RBC Wealth Management)

4) Meat-Free Diet

The transformation from being a fan of grilled chicken to becoming a confirmed vegetarian is easier than ever today: Due to the consumers' increased demand for alternative offers to meat and fish, in the meantime a regular market for vegetarian and vegan products has established itself.

According to Statista, this is the number of people in Germany, who are vegetarian or vegan. And they are catered for: Whereas "living without meat" meant having to make do with carrots instead of cutlets in the past, today there is a growing market for alternative products.

In addition to the obvious animal welfare reasons, people want to make a contribution towards the preservation of environmental systems and they also do without meat for reasons of their own health. The products should be regional, allergy-free, sustainably packed and where possible also free of additives." Meat-free diets and plant-based alternatives seem to have the potential to bring about sustainable changes. Meat-free diets and plant-based alternatives seem to have the potential to bring about sustainable changes.

5) Fresh and easy to go: Chilled & fresh food – healthy, fresh and ready to eat

A growing number of people around the world are eating and snacking "on the go", be that in the mornings on the way to work, during lunch breaks or in the evening on the way to the gym. Others, on the way home, grab ready or almost-ready meals, and foods they can quickly and easily prepare themselves.

Many consumers appreciate smaller packaging sizes (targeted at single-person households) that help reduce food waste, and they look for minimal, recyclable packaging. It may be more expensive than old-fashioned, cooked meals, but demand is predicted to grow further nevertheless. This trend is also being driven by sociodemographic developments such as the growing number of two-income families, millennials and working women.

As a result, more and more fresh, chilled products can be found in the refrigerated sections of our supermarkets: from fresh pasta, fish (preparations), salads, prepared sauces, marinated vegetables and sliced fruits to freshly pressed juices and smoothies, milk and cheese products, and desserts. One clear advantage is that these products, because they are chilled at a temperature of 6°C, last longer than comparable products that are not chilled.

6) Sustainable nutrition: Good conscious, good feeling

Health-conscious diets are the talk of the town, organic products have long since left their niche existence. The consumers are more and more concerned about a "clean" diet for their bodies and the environment. The solution here is organic. Organic products can contribute significantly towards health and are more or less eco-friendly by definition already. Through closed loops, which keep harmful substances away from people and nature and which do without pesticides for instance. Through production processes that rely on high-quality ecological raw materials and gentle processing methods. Through dispensing with additives such as artificial colouring, preservatives, flavour enhancers and aromas. (Anon., 2022)

- High-protein food such as spreads, oils and bars, also gladly vegan protein products consisting of hemp, pumpkin and rice protein, are currently very popular.
- Spices such as turmeric, ginger, coriander and cardamom lend organic food an exotic taste.
- Due to the growing number of allergies, the demand for free-from products is increasing, especially for lactose-free items.
- Sustainable packaging made from re-growing and compostable raw materials are in demand.
- Regionality: "Organic" often also means local production and sustainable management in the home region for the home region. Short transport routes and "fresh" availability are important factors.
- Fair trade: Organic products are often more expensive than conventionally produced foodstuffs among others due to the more costly production and processing methods. All parties involved should receive a fair remuneration for their work.

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