



Beyond the peak: What's next for gluten-free foods?

Oct. 6, 2016 - by Keith Nunes

LAS VEGAS — Sales of gluten-free foods have peaked, said David Sprinkle, research director for the market research firm Packaged Facts. But he emphasized that reaching its peak does not mean category sales of gluten-free foods are falling. Sales of gluten-free foods are forecast to reach \$1,328 million in 2016, according to Packaged Facts' "Gluten-free foods in the U.S." report published this month. The figure represents a 6% change compared to 2015. In contrast, sales of gluten-free foods in 2013 were \$837 million, an 86% change compared to the previous year. Mr. Sprinkle added that the data he presented Oct. 5 during a presentation at SupplySide West, taking place Oct. 4-7 in Las Vegas, pertains only to products that would have gluten in them, but have been reformulated to eliminate the protein. There are several reasons why category growth has slowed beyond the overall size of the market. Part of the sales ebb reflects general assumptions by consumers about gluten-free foods that correspond with decline in growth. For example, Mr. Sprinkle said the number of consumers who said they are consuming gluten-free products to help manage their weight went from 30% in 2010 to 20% in 2016. During the same period, consumers who perceived gluten-free foods to be higher quality than those with gluten fell from 25% to 18%.

In order for sales of gluten-free products to continue on its current trajectory, Mr. Sprinkle said product developers are going to have to focus on combining the elimination of a negative with the addition of a positive.

"Consumers have figured out gluten-free chocolate chip cookies are not a health food," he said. "Having a positive message is now required, whether it is the inclusion of whole grains, pulses or legumes. Consumers are looking for that balance in gluten-free products. One of the important things to do is choose your allies carefully, whether it is whole grains or added protein."

Part of the product development quest is knowing about the ingredients in products, Mr. Sprinkle said.

"The consumer landscape is leaning toward knowing more about ingredients," he said. "With that attention to ingredients there is the assumption that natural nutrients are better than those in processed foods. The gold standard of natural is whole

foods like the apple. There is this distrust of processed foods. Natural nutrition remains the gold standard. This is important for gluten free as superfoods replace gluten in processed foods.”

For example, in the bread market next generation products will move beyond using rice flour or tapioca. Gluten alternatives include multi-grains or seeded grains and “bringing in these other health, ingredient notes people are looking for,” Mr. Sprinkle said.

At retail, he noted another opportunity is to add space to where gluten-free foods are sold within a store. Using the retailer Wegmans as an example, he noted the retailer is moving gluten-free to the perimeter and into the fresh bakery department. “Taking it to the baking department with baguettes, brownies and cookies is smart, because fresh is something consumers are looking for,” he said.

Rachel Cheatham, chief executive officer of the Foodscape Group L.L.C., said gluten-free products that target such emerging trends as Paleo and keto also may provide additional opportunities.

“Gluten-free can link to other trends,” she said. “As a nutritionist I am not saying Paleo is good for you. But it is on trend and many Paleo products are also gluten-free so you can see how the trends can overlap.”

To conclude his presentation, Mr. Sprinkle said there are three things product developers must consider when developing new gluten-free foods. The first involves understanding consumer attitudes around gluten-free foods and developing that positive and negative attribute balance.

Second, he said a product’s label “also needs to be easy for consumer to read. The most successful products are the simplest.”

Finally, he said product developers must meet the challenge of bridging the gap between products perceived as processed foods and those perceived as natural foods.