



What's new in B.C.

Spring 2013

SPOTLIGHT ON:

FREE-FROM FOODS



Foods made without gluten, lactose, or other allergens

A surging market

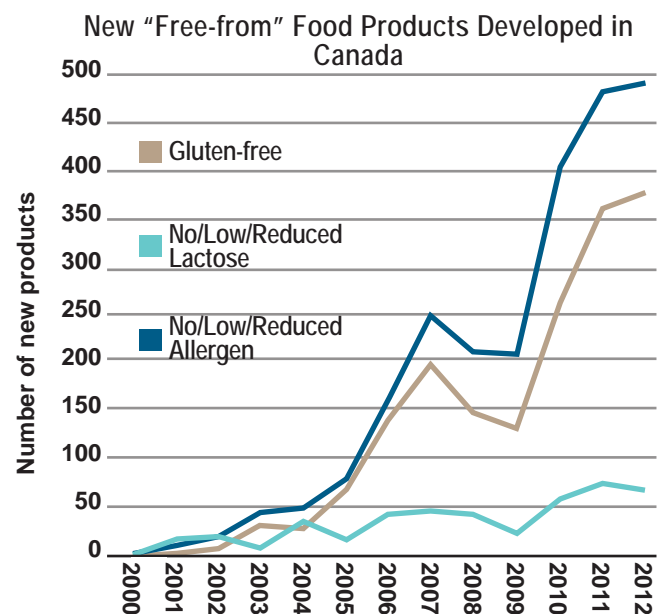
The prevalence of free-from foods has surged in the Canadian marketplace over the past decade. Where consumers once had to diligently read ingredients lists on packaged food, there are now entire supermarket aisles dedicated to gluten-free, lactose-free, and allergen-free foods — along with other product categories such as kosher or vegan. According to a 2011 Euromonitor report, the Canadian food intolerance market is globally ranked tenth at a value of US\$161.3 million. (The

U.S. has the largest market at US\$3.4 billion, followed by Germany at US\$828.3 million.)

This new popularity of free-from products is largely a result of increased awareness and media coverage of food intolerances and allergies. The sector has also been pushed into the mainstream market by popular books, television shows, and celebrity endorsements. For example, *Wheat Belly: Lose the Wheat, Lose the Weight, and Find Your Path Back to Health* by cardiologist William Davis — which touts the benefits of eliminating wheat from our diets, regardless of any intolerance — continues to chart the *New York Times* bestsellers list after over 40 weeks. In British Columbia, the January 2013 Gluten-free Expo held in Vancouver demonstrated the popularity of the free-from sector as well as the high quality of B.C. companies offering free-from products. The event reached capacity by midday and witnessed unprecedented crowds in the thousands, including four-hour lineups to enter and browse the products offered by over 100 exhibitors.

Why consumers buy free-from:

1. They have a food intolerance or allergy.
2. They regularly eat meals with someone with a food intolerance or allergy.
3. They believe it will make them healthier, lose weight, or “feel better”.
4. They value the perceived simplicity of the ingredients list.



Source: Mintel 2013

Resources

- Agri-Food Trade Service
- Health Canada
- Canadian Food Inspection Agency
- Canadian Celiac Association
- Canadian Digestive Health Foundation
- Anaphylaxis Canada
- U.S. Food and Drug Administration
- World Health Organization
- Mintel
- Euromonitor

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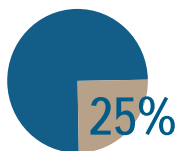
FOOD INTOLERANCES AND ALLERGIES: North America

There are a number of reasons why the free-from market has exploded in North America, but a major driving force has been the public awareness of food intolerances, allergies, and celiac disease.

There is no cure for food allergies other than to eliminate the items from one's diet, which can be difficult considering the World Health Organization (WHO) claims there are more than 70 foods reported to cause food allergies. Furthermore, several of the top allergens — such as soy, milk, or gluten — are present in a wide variety of packaged foods, providing a market opportunity for suppliers who can guarantee their products to be “free-from” these particular allergens.

There is also a percentage of mainstream consumers in North America who purchase free-from foods due to their perceived wellness benefits. For example, a 2012 Mintel report claimed that only one per cent of consumers eat gluten-free foods because they have been diagnosed

with celiac disease; however, the remaining gluten-free customers (approximately eight per cent) eat gluten-free products because they make them “feel better”.



Patients clinically diagnosed with lactose intolerance who also have celiac disease

Source: Canadian Digestive Health Foundation 2012

There is a spectrum of severity of reactions for all food allergies and intolerances, but exposure to even a particle of the objectionable food can pose potentially fatal consequences. This level of sensitivity is typical for allergy sufferers at risk of anaphylaxis — a life-threatening immunological reaction — and celiac sufferers, while those with food intolerances can often ingest a larger portion before undergoing a severe reaction.

With the potential for reactions caused by these sensitivities to be life threatening, manufacturers catering to those with food intolerances must comply with strict processing practices to prevent cross contamination with potentially harmful ingredients. Having a dedicated production facility and guarantee of products as safe to consume provides consumers with the confidence they need to purchase products within the free-from sector. This sense of assurance outweighs consumers' concerns about the prices of products within the free-from sector, which are often set at a premium to reflect the increased efforts the company takes to ensure their product is free from irritants.

Canada a leader in labelling

Depending on the country, allergen labelling laws vary from extremely strict to non-existent. Canada is among the world leaders in allergen labelling; since 2012, companies have been required to state the presence of any of the priority

Top Allergens

- Peanuts*
- Tree nuts*
- Sesame seeds
- Soy*
- Milk*
- Eggs*
- Fish* (including crustaceans* and shellfish)
- Wheat and other cereal grains (containing gluten* and sulphites)

* The Codex Alimentarius Commission Committee on Food Labelling recommends always declaring these foods and ingredients derived from them.

Source: AAFC 2011; WHO 2006

allergens on their packaged food labels. **This transparency makes Canada a trustworthy source for consumers to purchase free-from products with confidence.**

Food Allergy

An adverse, and potentially life-threatening, immunological reaction to food.

- Affects up to 2.5 per cent of the adult population and six to eight per cent of children less than three years of age.
- Hospitalizations as a result of food-induced anaphylaxis have reportedly increased by 350 per cent during the last decade.

Food Intolerance

A broad range of hypersensitivities to food, food additives, or beverage products not involving the individual's immune system. Symptoms could include: abdominal pain, bloating, diarrhoea, and flatulence.

- The FDA estimates approximately 28 per cent of Americans suffer from some sort of food intolerance.

Lactose Intolerance

An inability to digest significant amounts of lactose, the predominant sugar of milk.

- Most don't have symptoms until they are adults.
- Most inherit the condition from their parents.
- More prevalent in certain ethnic populations. (Affects 90 per cent of Asian Americans, 75 per cent of Native Americans, and 75 per cent of adult African Americans.)

Celiac Disease

A medical condition in which the absorptive surface of the small intestine is damaged by gluten, a protein found in wheat, rye, triticale, and barley.

- One in every 133 North Americans has celiac disease.
- Rates of celiac disease have nearly doubled in the last 25 years in western countries.

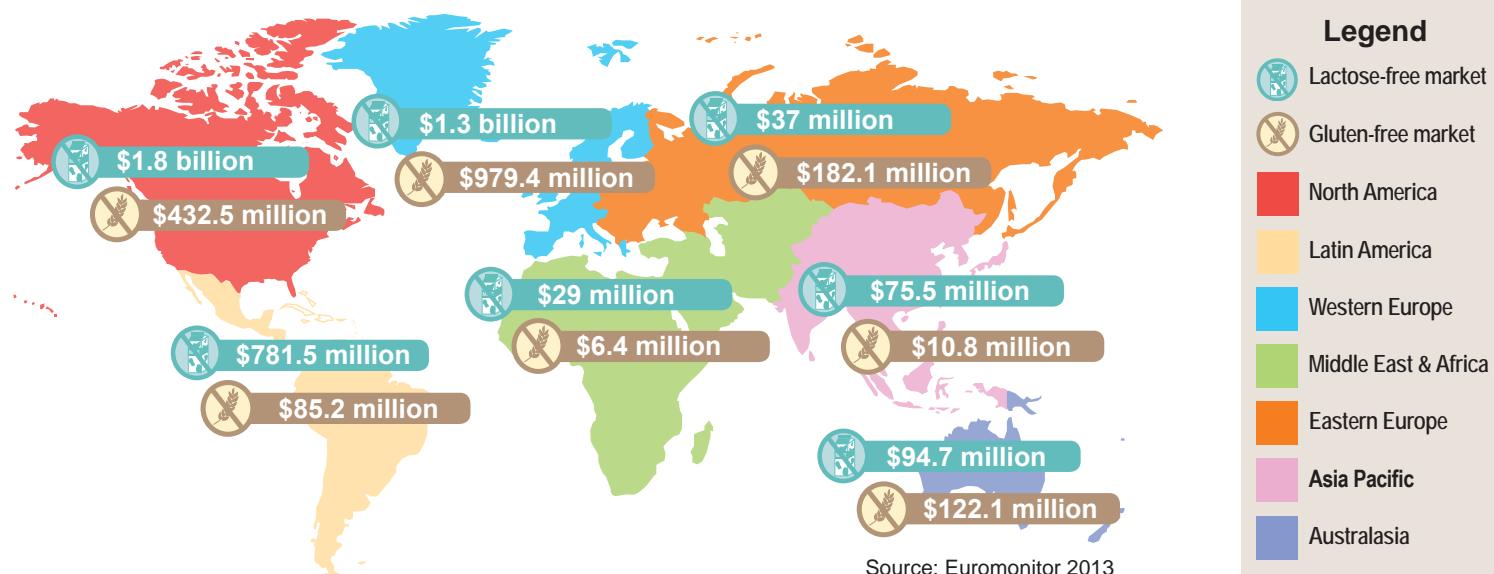
Gluten Sensitivity

Describes individuals who can get a variety of symptoms when they eat gluten and feel better on a gluten-free diet but do not have celiac disease. Interchangeable with the term 'gluten intolerance'.

- One in seven self-diagnose gluten sensitivity.

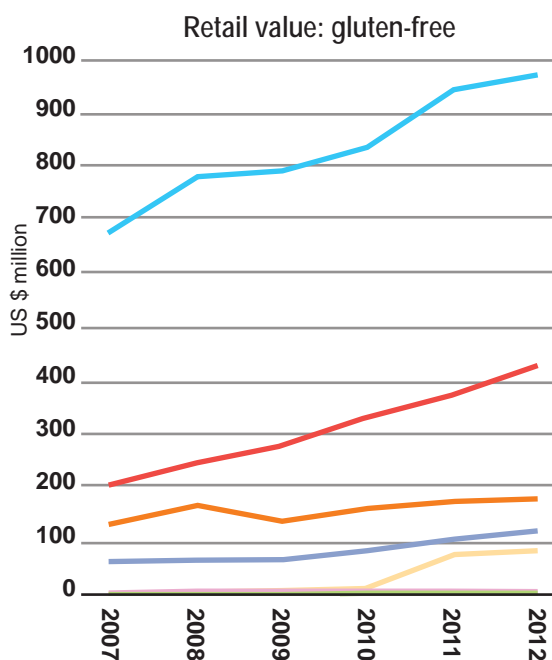
THE INTERNATIONAL FREE-FROM MARKET

Retail value of international gluten-free and lactose-free markets (US \$)



It's not just Canada and the United States fuelling the free-from market, either. The sector has seen worldwide growth over the past decade, and — while there has been speculation that free-from foods are merely a passing fad — reports suggest this sector won't be facing declines in sales any time soon. In order to maintain momentum, however, it is important for companies to educate consumers and create awareness of free-from foods using similar strategies as those employed by those in the organic sector.

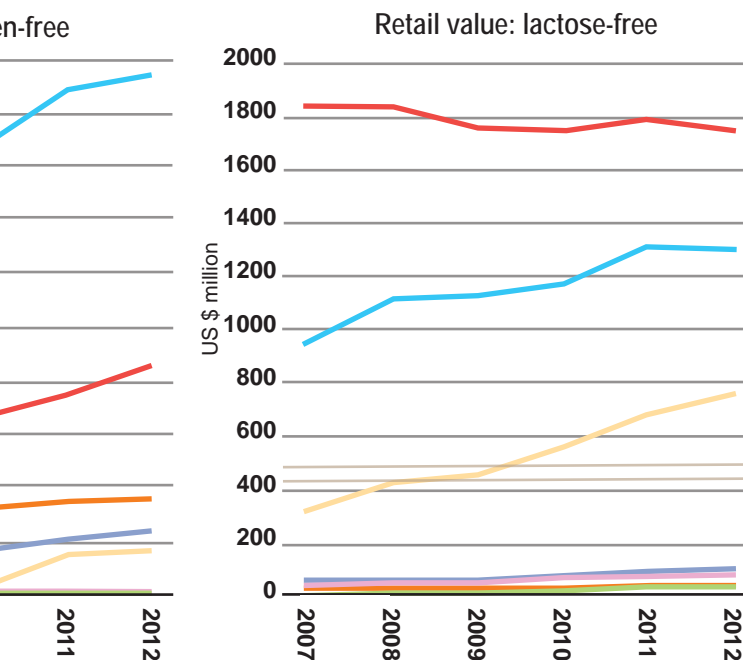
The global market for lactose-free products has grown to US\$4.1 billion in 2012 from US\$3.3 billion in 2007. North America, Western Europe, and Latin America are currently the largest markets for lactose-free food products. The Middle East and Africa — despite its small share of the market — is the fastest-growing, more than doubling its retail value to US\$29 million in 2012 from US\$12.4 million in 2007. Latin America's retail value for lactose-free products also more than doubled to US\$781 million in 2012 from US\$327 million in 2007, and Eastern Europe and Australasia have also demonstrated rapid growth. Eastern Europe's retail value



Source: Euromonitor 2013

for lactose-free products grew to US\$37 million in 2012 from US\$20.6 million in 2007, and Australasia's expanded to US\$94.7 million in 2012 from US\$59.4 million in 2007.

At a retail value of US\$1.8 billion in 2012, the international market for gluten-free products is smaller than that for lactose-free products. However, the gluten-free segment is witnessing astonishing growth across the globe. The retail value of



Source: Euromonitor 2013

the gluten-free markets in Australasia, Latin America, the Middle East and Africa, and North America have all more than doubled between the years of 2007 and 2012. Australasia's market grew from nearly US\$60 million to US\$122 million; Latin America's skyrocketed from US\$4 million to US\$85 million; the Middle East and Africa's expanded from US\$1 million to over US\$6 million; and North America's grew from nearly US\$205 million to US\$432 million.

Case study: Argentina

Catering to the gluten-free segment of consumers has been a public debate in Argentina, and in 2008, Argentines campaigned for gluten-free labels to be included on products. According to a 2012 Mintel report, restaurants in the Buenos Aires province of Argentina are required by law to offer at least one dish suitable for celiac disease sufferers. The Argentine Celiac Disease Association reports that there are over 400,000 celiac disease sufferers in Argentina.