



DAIRY ALTERNATIVE, NON-DAIRY, DAIRY FREE ^{OR} PLANT-BASED PRODUCTS

BY ANY NAME—THEY'RE IN HIGH DEMAND!

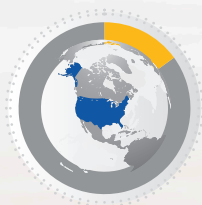
WHY TODAY'S DAIRY ALTERNATIVE MARKET IS SO IMPORTANT—

and how can today's food and beverage manufacturers meet and make the most of the growing demand?

Food and beverage manufacturers and specialty food companies need on-trend, better-for-you ingredients with unique flavor profiles and functionality to respond to market demands for delicious, healthy, and imaginative dairy alternative products that sell.

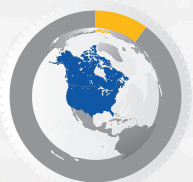
There's no doubt about it; today's dairy alternatives market is successful and growing—the figures speak for themselves.

DAIRY ALTERNATIVES MARKET



U.S.

projected to grow at 13.2%
through 2020 from \$2.4b to \$4.4b¹



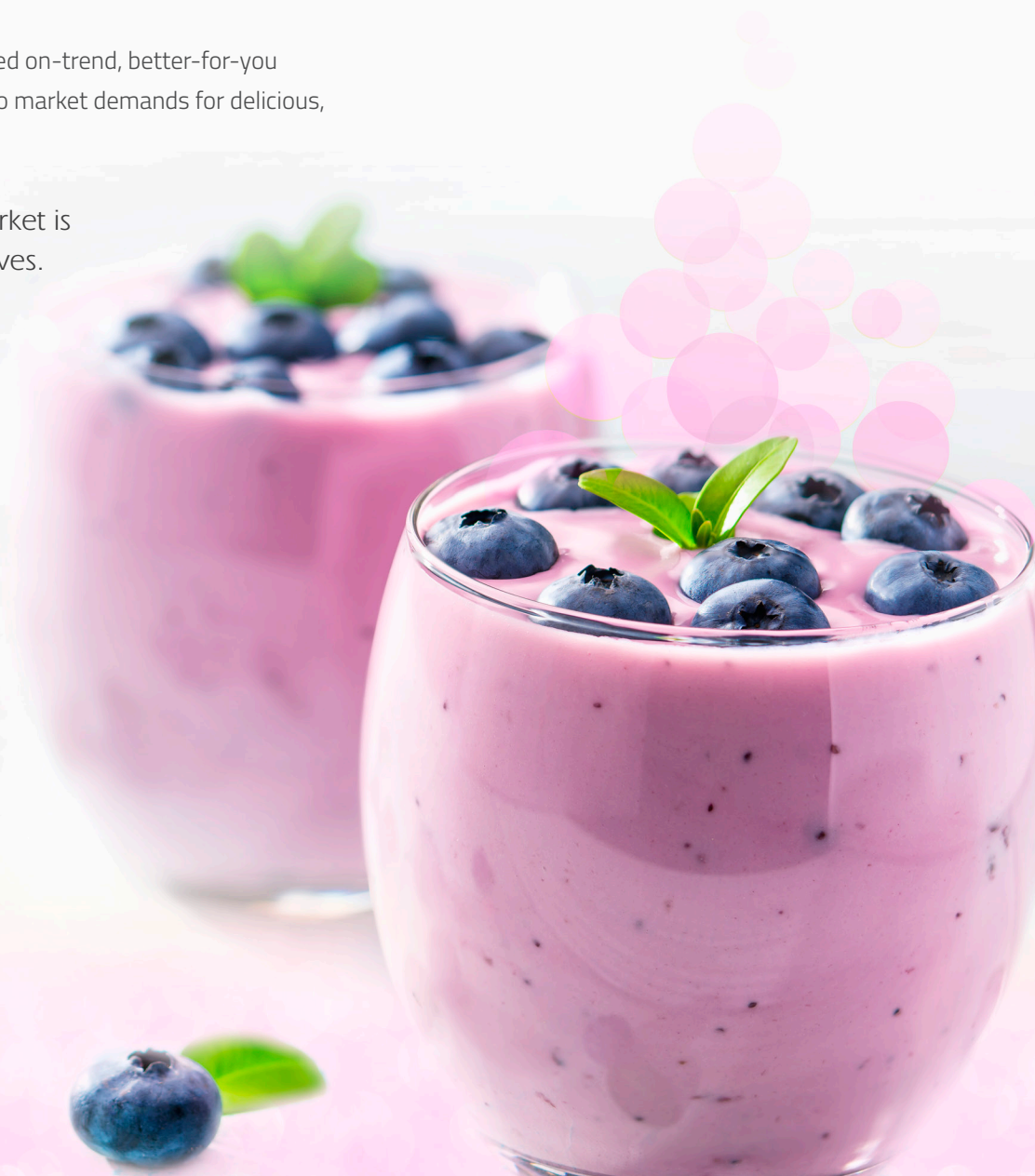
North America

\$2.19b revenue in 2016
expected to grow at CAGR of 9.5%
during forecast period (2018-2023)²



Global

\$7.37 billion in 2016
growing at CAGR of 11.7%
predicted to nearly double
to \$14.36b by 2022³





WHY IS THE DAIRY ALTERNATIVES MARKET SO ROBUST—AND GROWING AT SUCH A RAPID PACE?

The three main drivers of the dairy alternatives market are: growing health concerns, governmental and health-associated demands, and growing appreciation for nutritional benefits.

HEALTH CONCERNS

The dairy alternatives market is growing due to an increase in consumer health consciousness, growing lactose intolerance, and consumer preference for a vegan diet.⁴

Industry growth is expected to be driven by boosts in demand for:

- Lactose-free products in response to lactose intolerance and dairy allergies⁵
- Plant-based products preferred by the increasing number of Gen Z and millennial flexitarians who prefer not to consume animal-based products⁶

GOVERNMENTAL AND HEALTH-ASSOCIATED DEMANDS

Both governmental and health associations are demanding and supporting healthier food options, which in turn is driving the dairy alternatives market.⁷

NUTRITIONAL BENEFITS

- Low cholesterol content
- High protein content

Also of note: companies competing in the non-dairy ingredients landscape have been marketing their products as more 'nutritionally-valuable' than competing products or their dairy counterparts, further fueling the market shift toward plant-based ingredients.⁸

WHAT ARE SOME OF THE MOST POPULAR NON-DAIRY APPLICATIONS?



DAIRY-FREE YOGURT⁹

- U.S. retail sales of plant-based yogurt increased by 56% in 2017



NON-DAIRY MILK¹⁰

- Non-dairy milk sales reached \$2.11 billion in 2017
- U.S. non-dairy milk sales grew 61% over last 5 years
- Annual sales of plant-based non-dairy beverages forecasted to climb to \$3 billion by 2020
- Increased demand for various non-dairy beverages like walnut, cashew, and almond flavored milks



NON-DAIRY FROZEN 'ICE CREAM'¹¹

- "Free-from" products are a driving force of growth for the \$28 billion ice cream industry
- Non-dairy labels contributing to an increase in overall ice cream industry success
- Top 10 releases in ice cream have been non-dairy/vegan

WHAT'S NEXT FOR THE DAIRY-ALTERNATIVE MARKET?

Rising allergy, health and animal welfare concerns associated with non-vegan foods are anticipated to continue their momentum and further propel the demand for non-dairy foods and beverages.¹²

Newness and novelty will serve manufacturers well as they compete in the increasingly competitive dairy alternative market space, where consumers are looking for both alternative proteins and flavor varieties. For example, emerging trends in the beverage market include decadent indulgent flavors such as **s'mores, caramel, dulce de leche, and red velvet**—as well as exotic fruit and/or spicy flavors such as cacao, matcha and chai spice.¹³

There has been an increase in startups competing in the dairy-alternative market—they intend to compete by popularizing new alternatives.¹⁴

The potential for the dairy alternatives market looms large, and the U.S. has "...the largest market share globally for bakery, confectionery, and convenience foods, and therefore presents a major opportunity for growth."¹⁵

CURRENTLY EMERGING TRENDS:¹⁶

- Increase of new product and flavor entrants
- Decline of soy milk, increase in other non-dairy milk sources
- Decreasing risk profile for non-dairy alternatives startups
- Growing preference for plant-based ingredients over animal-based products, driven by health and animal welfare concerns





WHAT DOES ALL THIS GROWTH AND NEWNESS MEAN FOR FOOD AND BEVERAGE MANUFACTURERS?

Food and beverage companies are reformulating to meet demand now and in the future. Major industry participants are focusing on R&D to provide improved texture and taste for their dairy alternative product offerings. There is an opportunity to improve the taste and mouthfeel of products in the protein market, particularly in the vegan protein market—where growth potential exists based on the need for better mouthfeel and richness enhancement, such as that provided by non-dairy specialty flavor ingredients from Butter Buds Inc.

SO, WHAT'S THE PROBLEM?

TASTE AND TEXTURE IN NON-DAIRY APPLICATIONS

Simply stated, non-dairy applications present formulation challenges when it comes to taste and texture, flavor and functionality. Consumers may need or want non-dairy food and beverage options, but at the same time, they demand rich, satisfying taste and texture.

Formulation challenges

- In general, non-dairy versions of popular foods and beverages can suffer in terms of taste and texture.
- Vegan proteins provide in-demand protein and nutrition levels, but they can create off notes, requiring masking ingredients to amend their less-than-pleasing taste.

THE SOLUTION FOR RICH FULL TASTE AND TEXTURE IN DAIRY ALTERNATIVE PRODUCTS

Non-dairy specialty flavor ingredients offer functionality and flavor—in the form of texture and taste—necessary for consumer-pleasing products. Many food and beverage brands use these ingredients in vegan applications to correct for a watery finish and increase fatty perception, addressing some of the creamy texture and mouthfeel lost when dairy-based ingredients are eliminated. In addition, companies use non-dairy specialty flavor ingredients to improve the taste and texture of products that never contained dairy ingredients. For example, non-dairy flavor ingredients can be used in chicken broth products to provide rich, full taste that rounds out the broth's complete flavor profile.

Non-dairy specialty flavor ingredients from Butter Buds Inc. provide functionality and flavor performance without the dairy allergen, allowing developers and manufacturers to successfully remove the dairy allergen in products ranging from nutritional bars to beverages, and other products created with plant-based proteins. Butter Buds offers non-dairy based ingredients that correct for a watery finish, provide lingering fatty notes on the palate, and mask beany, grainy, and vitamin/mineral notes to contribute rich dairy taste in a variety of foods and nutritional beverages—without the dairy allergen.

Many brands use Butter Buds non-dairy specialty flavor ingredients specifically to achieve creamy dairy-like texture, while some use it to mask

off notes from other flavors, such as whey in protein shakes. Since Butter Buds non-dairy flavor ingredients provide butter and cream notes without the risk of exposure to dairy allergens, lactose-intolerant consumers can now enjoy the taste of real butter and cream in a variety of foods and nutritional beverages, such as dairy-free cheese sauces and seasonings, snacks, and yogurts for kids with dairy allergies and lactose intolerance. Beyond butter and cream notes, Butter Buds' specialty flavor ingredients include cheese, olive oil, beer, bacon, and cocoa butter versions to enhance a variety of applications.

“What’s next? In this ever-changing marketplace, it’s never been more important to keep up with trends in order to succeed. That’s why we keep our fingers on the pulse of consumer trends, so our solutions always respond to market demands like dairy alternative products while still offering the flavor, mouthfeel, richness—and usage reduction—to help our customers’ products succeed.”

**Tom Konar –
Research and Development Manager**

Butter Buds non-dairy specialty flavor ingredients help make successful dairy alternative products such as lactose-free snacks, yogurts, cheese, desserts and beverages. They also enhance applications without their own inherent fatty/dairy note, where they provide both textural functionality and more complex taste.

UNIQUE FLAVOR PROFILES AND FUNCTIONALITY

Butter Buds non-dairy specialty flavor ingredients offer unique flavor profiles and functionality for delicious, healthy, and imaginative dairy alternative products. With a customer-focused R&D department and a newly appointed Applications Lab, the experienced food technologists and product development specialists work closely with customers to reformulate existing products and develop new ones to respond to market demands.

As consumer trends and demands continue to evolve, the Butter Buds team collaborates with customers to help them develop more successful non-dairy products.

THE R&D AND APPLICATIONS TEAMS

- carefully choose the appropriate non-dairy specialty ingredient
- provide dairy-free functionality and flavor that meets customer requirements
- create an exact solution for product reformulation
- make modifications to original sample to ensure success
- work with customers' existing products, determining the best ingredient solution and dosage level, for time savings in product development

"We love a good challenge. Every day, our customers come to us with requests for specific solutions to answer their most challenging application issues. We use our scientific expertise, practical experience and efficiency to provide an effective dairy alternative solution and deliver it within a shorter development timeline, to expedite our customers' speed to market."

**Mike Ivey –
National Sales Director**

STANDOUT SUCCESSES INCLUDE:



**NUTRITIONAL
BARS**



**NUTRITIONAL
BEVERAGES**



**CONDIMENTS/
SAUCES**



**BAKERY
ITEMS**



**TOPICAL
SEASONINGS**



**SMOOTHIE
BEVERAGES**

THE BENEFITS OF BUTTER BUDS

Butter Buds collaborates with their customers to proactively explore new trends, products, and formulation possibilities at their state-of-the-art production facility in Racine, Wisconsin.

The Butter Buds team also serves up issue-free service and reliability along with their consistent flavor enhancement solutions that answer the needs of today's brands.

BUTTER BUDS OFFERS CUSTOMERS:

R&D and Applications expertise

- Highly trained R&D dairy scientists
- Experienced food technologists and product development specialists
- New 8,000 sq. ft. application lab

Speed of implementation

- Prompt sampling process
- Quick turnaround time

Efficacy

- High impact products with low cost-of-use and usage rates
- Responsive, consistent and reliable product

Documented adherence to labeling standards

Responsive customer service

- From a traditional, family-owned company

WHAT'S NEXT FOR DAIRY ALTERNATIVES

TOP 5 TRENDING FLAVOR PROFILES

Today's consumers are more adventurous and want to experience more intensity of flavor and embrace distinctive, hot, and spicy savory flavors¹⁷ such as:



GARLIC



SRIRACHA



ADOBO



PIRI PIRI



TANDOORI

Butter Buds specialty flavor ingredients help balance flavor profiles, modulate acidity, and enhance the overall perception of hot and spicy products.

Butter Buds Inc. customers can rely on the next generation of ingredients and technology as Butter Buds continues to anticipate, explore, research, and discover flavor solutions to develop the tastes of tomorrow.

BUTTER BUDS® NON-DAIRY SPECIALTY FLAVOR INGREDIENTS INCLUDE:



..... NON-DAIRY DAIRY FLAVORS

Butter and cream flavors including sour cream, condensed milk, buttermilk, cheddar and yogurt profiles, without the risk of exposure to dairy allergens. Brands can offer lactose-intolerant consumers the taste of real butter and cream in a variety of foods and nutritional beverages.



..... OLIVE OIL BUDS®

Bringing the distinctive flavor of extra-virgin olive oil to a variety of Mediterranean recipes. It provides the rich, authentic taste of olive oil without its production, packaging and storage challenges.



..... DRIED BEER EXTRACT

A beer flavor that provides the great taste of beer in an easy-to-use powdered form; extremely multifunctional. When used at lower levels, dried beer extract can also deliver savory flavor to meats and stews, fermented nuances to baked goods, and sweet flavors to confections—all without adding specific beer notes.



..... BUTTER BUDS BACON™

Authentic bacon flavor without the use of any meat. It imparts a true bacon flavor combined with fatty richness and mouthfeel, without adding the fat and cholesterol associated with real bacon.



..... COCOABUTTER BUDS®

An intense, concentrated cocoa butter powder made with real cocoa fat. It offers masking abilities, rounds out chocolate flavor, and adds complete, rich, longer-lasting cocoa fat notes to any food or beverage where cocoa powder is used.

Butter Buds offers food manufacturers and specialty food companies the on-trend, better-for-you non-dairy specialty flavor ingredients they need to succeed in today's robust dairy alternative food and beverage marketplace.

With customer-focused R&D and a newly appointed Applications Lab, their experienced food technologists and product development specialists work closely with customers, reformulating existing products and developing new ones to respond to market demands including dairy alternative, clean label, and organic formulations.

Committed to high quality ingredients and customer service, Butter Buds Inc. offers unique flavor profiles and functionality for delicious, healthy, imaginative ingredients that help deliver consumer-pleasing finished products.



LET'S START A PROJECT TOGETHER.
CONTACT US HERE

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