



## VEGAN CHEESE A GROWING MARKET

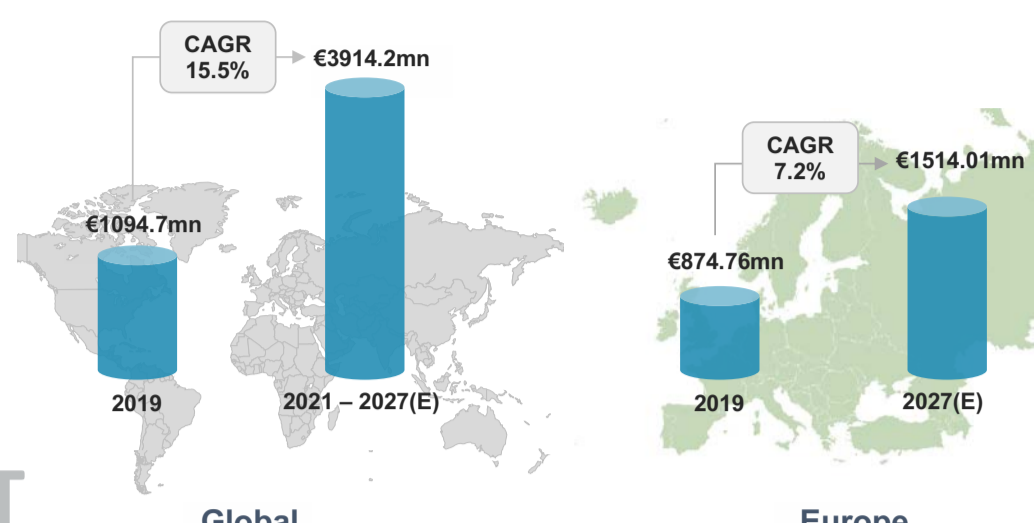
Veganism has become a way of life, constantly attracting new followers.

As per statistics, there were nearly 80 million vegans worldwide in 2021.

This has led to the emergence of new business segments, one of which is vegan cheese.

Although vegan cheese does not enjoy the same popularity as vegan meat, it is gaining a foothold in the market. It is a non-dairy, plant-based cheese free from all animal products and made via a cruelty-free process. Vegan cheese can be made of soy, peanut, coconut, almond and even oat.

## VEGAN CHEESE MARKET



In 2019, the global vegan cheese market was valued at approximately EUR1,094.7 million and is estimated to advance at a CAGR of 15.5% to EUR3,914.2 million from 2021 to 2027. In Europe, specifically, the vegan cheese segment is expected to expand at a CAGR of 7.2% from EUR874.76 million in 2019 to EUR1,514.01 million by 2027.

### GROWTH DRIVERS

THE FOLLOWING FACTORS ENCOURAGE GROWTH IN THE VEGAN CHEESE SEGMENT:

- 1** Veganism – The concept of veganism is rapidly gaining new followers, as modern consumers desire cruelty-free and eco-friendly products. Vegan cheese fits the criteria as it does not contain animal products and is completely plant-based.
- 2** Lactose intolerance – A substantial portion of the global population is lactose-intolerant and, therefore, unable to consume dairy products. This makes vegan cheese a good alternative for them.
- 3** Healthy option – The ingredients used in vegan cheese are rich in vitamins and cholesterol-free, making it a good alternative for people suffering from obesity.
- 4** Variety – Similar to regular cheese, vegan cheese is available in a wide variety such as parmesan, gruyere, cheddar, edam and fruit flavours such as caramel, cranberry and blueberry. This gives consumers a chance to experience new flavours and experiment with interesting recipes.



### TYPES OF VEGAN CHEESE

Vegan cheese producers have tried their best to recreate the flavour and texture of regular cheese and offer actual cheese varieties such as mozzarella, parmesan, cheddar, gouda and cream cheese. Vegan cheese makers also offer products in enticing flavours such as strawberry cream, blueberry cream, provolone, brie, jalapeño havarti and plain cream cheese.

### FOOD PRODUCTS WITH VEGAN CHEESE

Vegan cheese producers use advanced technology to ensure their product matches the flavour of dairy cheese. This has led many established eateries to introduce vegan cheese in their popular dishes such as burgers and pizzas. McDonald's introduced 100% vegan burger in the UK and Ireland, which has a plant-based patty from the famous Beyond Meat and vegan cheese toppings. Nestlé also launched a similar plant-based bacon cheeseburger made from vegan cheddar cheese. In addition, Spain's established pizza chain Telepizza launched a fully vegan menu, Las Veguis, with plant-based meat and dairy-free cheese toppings. Food companies and restaurants are increasingly opening their doors to vegan cheese as their vegan customer base increases.



### INVESTMENTS IN VEGAN CHEESE MARKET

Several new start-ups in the vegan cheese segment are attracting investors. Some notable investments are as follows:

**Noquo Food** – Founded in 2019, Noquo Food raised USD3.6 million to make plant-based cheese. The round was funded by Angel investors and top technology VCs from the plant-based food sector. The company aims to make the cheese tastier, more nutritious and sustainable.

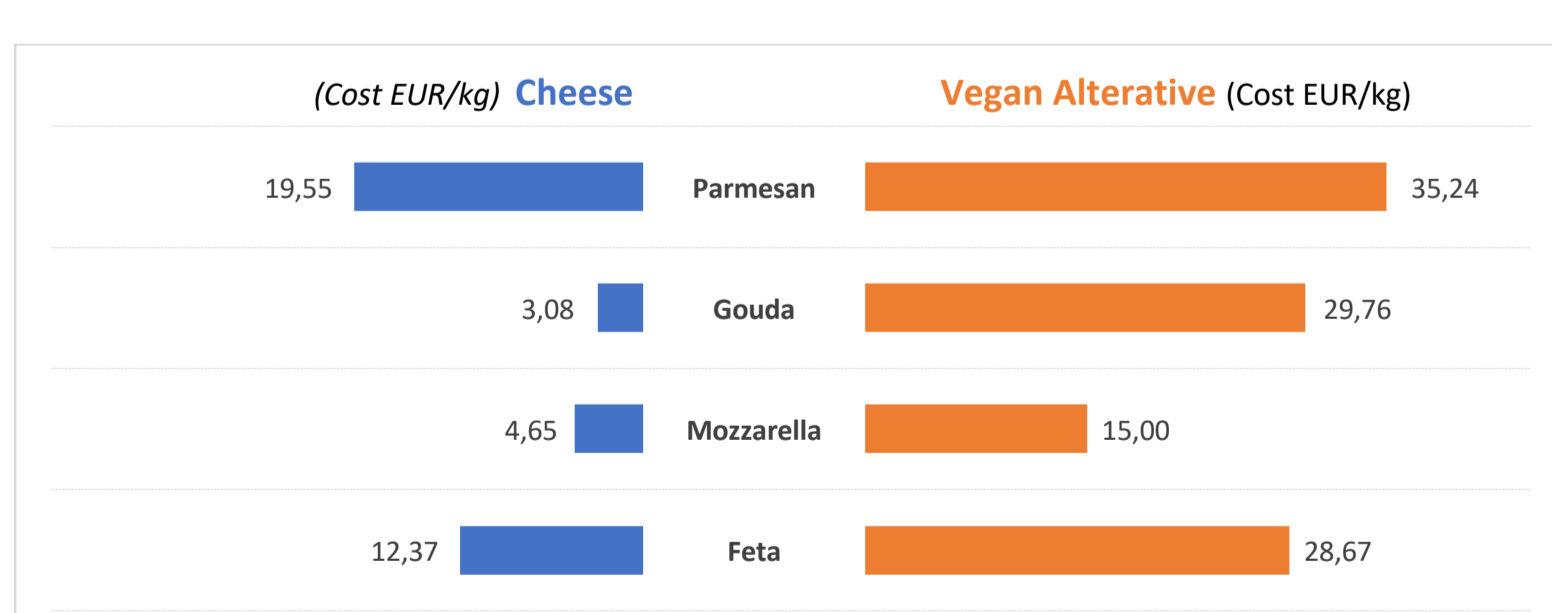
**Formo** – This German start-up was formerly LegenDairy Foods. It raised USD50 million from Series A funding.

**Misha's Kind Foods** – Founded in 2018, this start-up has a variety of vegan cheese such as black truffle, smoked cheddar, ricotta and lox. It received USD3 million from Marcy Venture Partners.

### CHALLENGES

While investments in the industry are encouraging, the vegan cheese market has its share of challenges, the first being the difficulty in mimicking the texture and flavour of regular cheese. The various varieties of cheese depend on many variables such as different levels of fermentation, microbial activity enzyme ratio and ageing process. It is difficult to replicate a taste with so many factors affecting it. The key is to have the correct ingredients to achieve the desired taste. Marketing vegan cheese is also difficult. The function of cheese is to enhance the flavour of a dish. Therefore, to be an alternative, vegan cheese needs to go beyond its usual function and add value. Another challenge is that vegan cheese is expensive and may cost more than regular cheese.

The graph below gives a snapshot of the cost component of dairy cheese and its vegan alternative Brand - Violife):



Being a niche product, vegan cheese does not have the advantage of economy of scale. This restricts its customer base and could deter flexitarians seeking economical options. The main reason for the high cost is limited production. Scaling up a fermented product is difficult in the absence of the right facility and logistics—the product needs to be fresh until it reaches the end customer. Finally, vegan product manufacturers face the challenge of labelling. Vegan dairy products cannot be marketed as cheese or butter. The European Court of Justice has, in fact, ruled the use of the term 'cheese' must be exclusively confined to products made from animal milk, such as yogurt.

### CONCLUSION

Despite the challenges, the vegan cheese market is growing exponentially and has an ever-expanding customer base, led by the popularity of vegan lifestyle, which businesses seek to cater to increasingly. The market includes incumbents as well as start-ups. How far it is ready to compete with natural dairy products remains to be seen. The segment is still in its nascent stage and awareness for the product is low. Therefore, companies need to ramp up their marketing efforts to ensure the product gains traction and build loyalty among customers. Most importantly, the product needs to appeal to the customer's palate. However, the increasing availability of effective ingredients bodes well for vegan cheesemakers as they can use these to ensure the success of their product in the market.



COPYRIGHT AND DISCLAIMER

The contents of the newsletter are protected by copyright. Any reproduction or commercial use is subject to the written consent of Zuegg Com GmbH, based in Lana, Boznerstraße 2 (BZ) – Italy. All contents of the newsletter have been carefully researched. Nevertheless, we cannot assume any liability for the correctness, completeness, up-to-dateness and/or usability of the contents for the user's purposes.