



# Prospects of coconut milk as a substitute for cow milk

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One of the important reasons for people preferring vegan milk products is due to the fact that around 65 - 70 per cent of world's population is lactose intolerant. Increase in health awareness, growing preference towards vegan diet and change in the lifestyle has stimulated growth in the dairy alternatives market which can be utilized by coconut milk

Coconut milk which is obtained from the inner white flesh of coconut has been used by people living in the coconut growing areas for centuries. Coconut milk is an important ingredient in many tropical cuisines, such as Indian, Burmese, Cambodian, Filipino, Indonesian, Malaysian, Singaporean, Sri Lankan, Thai, Vietnamese, Peranakan cuisine and Southern Chinese, as well as Brazilian, Caribbean, Polynesian, and Pacific islands. The potential of coconut milk as an alternative for cow milk was not much thought about until recently. The present change in life style and consumption pattern of people around the world

unveils the immense market opportunity of coconut milk and its derivatives as a replacement for dairy products. The highly nutritious coconut milk which is rich in fiber, vitamin C, E, B1, B3, B5 and B6 and minerals including iron, selenium, calcium, phosphorous, magnesium and sodium is a healthy alternative to cow milk. Just as cow milk is used in preparation of delicacies like ice cream, yogurt, cheese etc. coconut milk can also be used in preparation of these items.

As per FAO (Food and Agricultural Organization) report more than six billion people (more than 82% of the global population)

consume milk and milk products. Coconut milk can easily obtain a significant portion of this huge market with the right strategy. The fact that more and more people are now going for vegan products is also a big advantage to coconut milk and its derivatives.

One of the important reasons for people preferring vegan milk products is due to the fact that around 65 - 70 per cent of world's population is lactose intolerant. Lactose intolerance is the inability of human body to digest lactose, a sugar found in dairy products. Lactose intolerance is the result of lactase deficiency. Lactose intolerant

individuals have insufficient levels of lactase, an enzyme that catalyzes the hydrolysis of lactose into glucose and galactose, in their digestive system. In most cases, this causes symptoms which may include abdominal bloating and cramps, flatulence, diarrhea, nausea, borborygmi, or vomiting after consuming significant amounts of lactose. Most humans normally cease to produce lactase (enzyme) after infancy thus becoming lactose intolerant. The growing awareness of lactose intolerance is causing a huge portion of dairy consumers to shift to lactose free dairy alternatives like coconut milk. This market segment is expected to grow in near future and it will provide vast opportunities to coconut milk and coconut milk based products.

Studies have found that the percentage of people with lactose intolerance is as high as 90 per cent in East Asian countries which include China, Japan, South Korea, North Korea etc. This means that around 1.4 billion people who live in this region are potential customers of lactose free milk products.

A significant portion of dairy consumers in US and Europe are now shifting toward plant based milk and its derivatives. London based market research Company Mintel in their study found that the size of non dairy market showed an incredible increase of 155% during 2011 – 2013. Non dairy milk market is one of the fastest growing consumable product markets in the world today. Mintel's research also shows that plant-based milk brands, accounts for 8.9% market share in US.

Online food and grocery shopping site 'My Supermarket' has analysed that there is a drop of around 20 per cent in the number of people purchasing dairy milk, while there has been a 15 per cent increase in the number of people buying dairy alternatives. According to Mintel, one in five households in UK now



buys dairy free milk or drinks like coconut milk.

In the 1990s, vegan milk market was a small niche market and was sold only in shelf-stable aseptic juice boxes. But as the demand for this product has increased, it has become viable to package vegan milk in conventional packings and sell it in the dairy section alongside conventional milk. A report titled "Dairy Alternatives Market by Type, Formulation, Application, & by Region – Global Forecast to 2020" by Markets and Markets catalogs the massive growth in the non-dairy market, and how it's attributable to people's changing tastes and dietary needs. According to Shivani Mishra, research analyst in the food & beverage domain for Markets and Markets "The dairy alternative market in U.S. is expected to mark a growth of 13.2% between 2015 and 2018 based on the strength of diversification in market. In 2015, the U.S. market size of dairy alternatives is estimated to be worth \$2.09 billion and is one of the largest

markets in the North American food & beverage industry."

According to the Markets and Markets report the global market, in terms of value, is projected to reach about USD 19.5 Billion by 2020, growing at a CAGR of about 15.5% from 2015 to 2020. In 2014, the market was dominated by the Asia-Pacific region, followed by North America. The Asia-Pacific market is projected to grow at the highest CAGR with rapid growth in the dairy alternatives market in the developing countries such as China and South East Asia. The growing health awareness, rising preference for vegan diet and rising cases of lactose intolerance and milk allergy in this region are also driving the market.

According to The Futures Centre there has been a significant rise in the market presence of dairy substitutes in recent years. Sales of dairy substitutes in Europe reached \$1.5 billion in 2014. In the UK, sales of dairy-free alternatives have increased by 40% in the last three years. According to Euromonitor International, non-dairy milk products made up 24% and 31% in European and North America respectively among all new milk products in this market in 2014. The market shares in the Asian-Pacific and Latin American markets are 14% and 17% respectively. Report of Retail World on Australian market for 2014, show sales of non-dairy milk products worth \$171.9 million, a growth of 6.9 per cent compared to the previous year.

Increase in health awareness, growing preference towards vegan diet and change in the lifestyle has stimulated growth in the dairy alternatives market which can be utilized by coconut milk and coconut milk based delicacies. This is relatively a young market segment which will continue to grow. Entrepreneurs and FPOs in the coconut sector can make use of this opportunity. ■