



Sipping on the latest plant-based beverage trends

Your guide to the rising opportunities
in Malaysia, Singapore, Philippines
and Indonesia

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The rising popularity of plant-based beverages

From film celebrities to sports personalities, the plant-based beverage category is taking the world by storm. And it's not only the rich and famous who are making the switch. Data shows that people's liking for plant-based beverages is growing in Southeast Asian (SEA) countries like Malaysia, Indonesia, Philippines, and Singapore. As a food manufacturer in the region, it is important to take note of this trend so you can make the most of the opportunity.

To help you, we have developed this report. In it, we cover:

- Shifting consumer preferences, and the opportunities for food manufacturers
- The causes and consumers driving this trend
- The different categories of plant-based beverages
- How food and beverage manufacturers can break into the market
- How technology and innovation can help

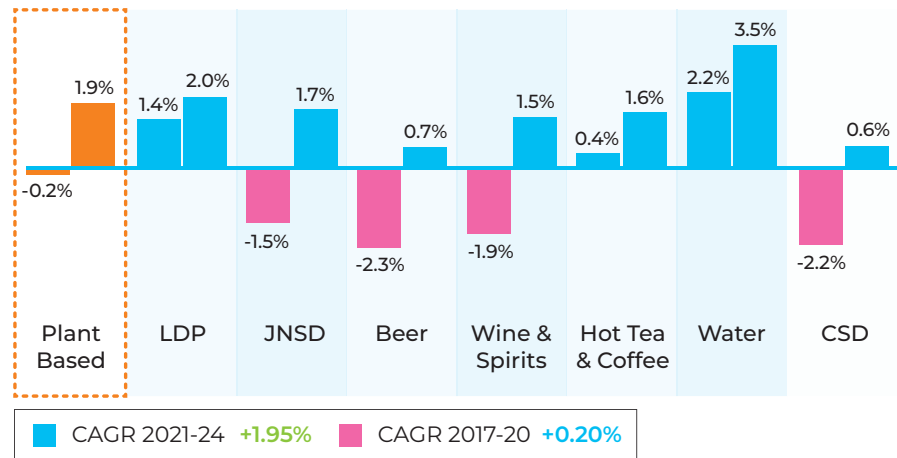


The golden opportunity in plant-based beverages



Sustainable sips: the new drink trends you don't want to miss.

Compound Annual Growth Rate (%)



Source: Tetra Pak Compass, 2020

In recent years, consumers have been embracing plant-based options, and the trend shows no sign of slowing down. In fact, the global plant-based beverage category is predicted to experience a remarkable growth rate of 1.9% by 2024.

This increase is a strong signal that consumers are seeking healthier and sustainable options, and plant-based beverages are the answer. Interestingly, this growth rate is significantly higher than the 0.2% increase recorded between 2017 and 2020, indicating a surge in demand for plant-based beverages.

For food manufacturers, this represents a golden opportunity. Investing in plant-based beverages could potentially yield significant profits, especially with the upward trend in consumer demand.

How COVID-19 accelerated the shift towards plant-based diets

With the onset of the COVID-19 pandemic, people were forced to stay indoors - and this brought about a significant shift in at-home eating habits. In spending more time at home, they began to reassess their dietary choices and started opting for healthier options.

The additional risks associated with obesity and other health conditions have also influenced people to prioritise their diet. The rise of vegan and vegetarian food around the world is being driven by the surge in flexitarianism all over the world.

2%

of global beverage consumption is plant-based, which is a tie with conventional milk

44%

of SEA consumers found immunity-boosting products appealing

70%

of Indonesians living in urban areas consume functional food or drinks, including plant-based options, at least once a week

- **Low meat diet:** 21%
- **Vegetarian diet:** 10%
- **Vegan diet:** 2%

Who is a flexitarian?

A play on 'flexible' and 'vegetarian', a flexitarian is someone who follows a mostly plant-based diet but allows for meat and other animal products in moderation.

Where it all started.

To comprehend the appeal of plant-based beverages, we need to understand what it is and the diet that drives the consumption.

What constitutes a plant-based diet?

It contains little or no animal products and consists of foods derived from plants, including:



Vegetable



Grains



Nuts



Seeds



Legumes



Fruits

What are plant-based drinks?

All alternatives to dairy-based drinks, such as those derived from:



Soy



Rice



Nuts



Grains



Seeds

Also includes:

- Flavoured and unflavoured drinks
- Soy-based drinks and soy milk where soy extract (with water) is the major ingredient
- Plant-based fermented and cultured drinks
- Soy-based drinks containing soya extract from beans or soy isolates, concentrates or powders

Did you know?

A plant based-diet is not necessarily vegetarian or vegan! It simply means that either the whole product or one of the main ingredients is plant-based (such as plant-based protein or plant-based milk).

Meet the plant-based beverage consumer

A woman and a young girl are sitting outdoors, both drinking from plant-based beverage cartons. The woman is smiling and looking at the girl, who is also smiling. They are surrounded by green foliage.

While considering the trends in plant-based beverages, it is important to understand the consumers driving it. Let's take a deeper look at the plant-based beverage drinker in SEA:

- Tends to be female
- 25-44 years old
- Perceived as healthy and modern

Why plant-based drinks are popular

- Healthy: Plant-based drinks are low on calories, sodium and saturated fat
- Sustainable: Naturally associated with environmentally friendly packaging, as well as the belief that eating less meat is beneficial for the planet



25-44
years old

**Perceived as
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modern**

From Soy to Rice, Nuts, Grains and Seeds: Exploring the plant-based milk options



Soy takes the lead - why it's the most popular plant-based alternative

Soy milk has long been the preferred plant-based drink in Southeast Asia, with 57% of consumers drinking it regularly. Many consumers don't even consider soy a plant-based option. They simply view it as a category on its own, with soy milk being the key ingredient in many Asian foods such as Douhua or different varieties of tofu. Soy milk has also been modified over the years, with other ingredients added to it to fortify its health benefits in the eye of the consumer.

Case study: DNA, Thailand

DNA in Thailand leads the 'value-added soy' proposition by adding other plant-based ingredients to soy to boost its nutritional appeal. These include, for example, black sesame, Japanese rice germ, and Thai riceberry rice, coupled with commercially appealing callouts attached to each additive such as 'healthy indulgence', 'brain energy' and 'natural beauty'. This helps colour the perception of soy and fortifies its position as a leading plant-based beverage in the region.

Looking at soy milk? Here's your opportunity

As a food and beverage manufacturer looking to enter the plant-based beverage market with a soy product, you could consider value-added soy milk as a potential way to address these challenges while taking advantage of the popularity of soy milk. This involves adding ingredients to soy milk to make it healthier and more appealing to consumers. By doing so, your offering of value-added soy milk can stand out in a market that is becoming increasingly crowded with plant-based milk options.

Manufacturers can also address concerns about the environmental damage in relation to soy farming, by prioritising sustainability in their ingredient procurement efforts.



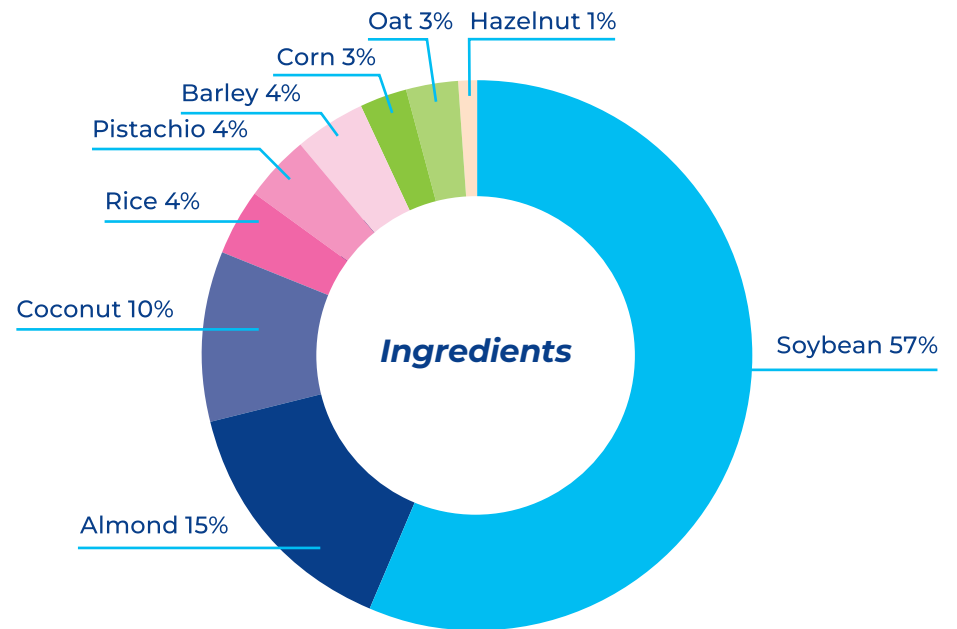
Soy

Customers are craving more than just soy milk

However, modern consumers are now seeking greater variety. Enter Rice, Nuts, Grains and Seeds (RNGS) – the soy milk alternatives that are worth about USD10 billion globally, and have been making waves in countries like Malaysia where it’s expected to grow strongly by over 8%.

With RNGS’ growing popularity, let’s take a look at why customers are open to exploring other plant-based ingredients.

Share % of SEA Dairy Alternatives - Top 10 Ingredients by New Launches



Source: Mintel 2021, off-trade volume, SEA volume (Share variation 2017-2021)

The Top 3 Ingredients (besides Soy) for Dairy Alternatives in Southeast Asia are Almond, Coconut and Rice. Together, they contribute ~30% of total products launched in the past 5 years

Nuts about nut milk

Brain-boosting almonds. Aromatic hazelnuts. Creamy cashews. Multi-faceted coconut. Why are so many people switching to these nut milk?

For starters, these nut milk ingredients tend to have fewer calories than cow's milk, while providing just as much (if not more) calcium and vitamin D. For example, one cup of either almond or cashew milk contains 25-50% of your day's calcium and 25% of your daily vitamin D dose. Plus, some nut milk options even offer fiber, which you won't find in dairy milk.

Given all the benefits, which one is the most popular? Well, it's hard to declare a clear winner.

Almond milk: crowd favourite of 2022

As of 2022, almond milk seemed to be the top choice - holding the largest share of the overall plant-based milk market. This is because more and more consumers are selecting nut-based lactose-free milk as a result of their changing taste preferences and heightened concerns for personal health and the environment. For example in Indonesia, we're seeing growing interest in breastfeeding among Indonesian consumers, which has also contributed to the surge in demand for almond and other nut-based milk alternatives within the region.

Case study: 137 Degrees, Thailand

137 Degrees in Thailand successfully leveraged the growing consumer interest in the RNGS category by launching a range of almond varieties, as well as expanding to other ingredients, including pistachio, walnut, macadamia and Chinese almond. The brand positioned its almond milk as a healthy yet tasty dairy alternative for the health-conscious consumer. This product also appealed to vegan and lactose-intolerant consumers, solidifying its position as a welcome plant-based milk alternative.





The rise of Coconut and Cashew milk: the future of soy-milk alternatives

Cashew milk is becoming a popular choice for consumers - it's expected to grow at a CAGR of 5% between 2019 and 2025 globally due to its role in promoting heart and eye health, controlling blood sugar levels and improving skin health.

Coconut milk has come a long way from just being a delicious addition to Asian curries. Low-fat coconut milk has seen a surge in demand as a dairy-based milk substitute in various countries around the world, particularly in sweet and savoury dishes. Premium plant-based drinks enjoy rapid growth through innovations in coffee and tea shops, such as Luckin Coffee in China.

Case study: Luckin Coffee, China

Luckin coffee placed coconut milk in the centre of the coffee world with its Coconut Milk Latte in April 2021. Targeted at a younger demographic, it sold more than 10 million cups of its coconut series within the year. Following this success, the brand collaborated with FreeNow and Yeshu to meet the demand for unique coconut milk products, such as do-it-yourself lattes, further transforming coconut milk into a mainstay for baristas.

Versatility scale

- Nut milks offer variety in terms of benefits as well as textures and flavours.
 - Cashew milk is creamier
 - Hazelnut has a toasted aroma
 - Pecan milk is naturally sweeter
- Nut milks are also great for most culinary uses like
 - Desserts
 - Pastries
 - Savoury items

As a food manufacturer, whether you decide to hone in on one type of nut and capture that market, or introduce a range of nut milks, the opportunities for growth in this market are substantial.



Rice & Grain Milk - The exciting new additions to plant-based beverages

Rice and grains have been cultivated for over 10,000 years and are staples in the human diet. As the demand for non-dairy alternatives increases, options like rice and oats are now becoming popular in drinks as well.

The global Rice Milk market in APAC is projected to grow at a CAGR of

14%
over the next
five years

Source: Tetra Pak Compass, 2020

Rice milk: The common grain that's taking over the plant-based market

Why is it gaining popularity? For its cholesterol- and lactose-free benefits

- Already popular in its original form for sweet treats such as rice pudding and cakes, as well as savoury dishes like nasi lemak, a Malaysian favourite

Now, the demand for its liquid alternative is also growing

- Global rice milk market in APAC is projected to grow at a CAGR of 14% over the next five years



Oat milk and its oat-standing benefits of oats

Oat milk is emerging as a favoured choice among grain-based milk alternatives

- Expected to have a compound annual growth rate (CAGR) of 6.4% by 2033
- Derived from soaked, blended and strained oats and boasts lactose-free, non-dairy and vegan-friendly properties

Highly sought after for use in coffee, tea, cakes and desserts, and also commands a higher price— as much as five times more than dairy milk—due to the demand for it

Case study: Nutrifood, Indonesia

In Indonesia, Tropicana Slim Oat, a high fibre and calcium oat drink with a twist was created by Nutrifood for health-conscious consumers. They positioned the vanilla-flavoured drink's low-sugar, low-fat content front and centre, to appeal to people with diabetes, heart-health issues and those who were on a diet. The success of the drink was sealed by packaging the drink designed to be consumed at any time, making it a new must-have for plant-based drinkers.

The plant-based beverage market is not a passing trend, but a growing segment as consumers prioritise their health and the planet. Soy and RNGS products are gaining popularity, and food manufacturers can succeed by tapping into this trend. Coming up: how you can do exactly that with Tetra Pak.

The market for Oat Milk is expected to have a CAGR of

6.4%
by 2033

Source: Persistence Market Research, Oat Milk Market Outlook (2023-2033)

From ideation to innovation: exploring plant-based product opportunities with Tetra Pak



From concept to production, packaging and distribution

Want to produce delicious, healthy plant-based beverages, in a safe and hygienic environment? Tetra Pak has you covered. Easily ensure success with our cutting-edge tools and solutions with essential, expert guidance. Getting into this market means considering key factors that'll affect your product's appeal, including taste. Taste is a key factor in the adoption of any new food product. One recent study found that as many as 43% of consumers reject plant-based beverages because they dislike the taste. With Tetra Pak, you can innovate to create tasty, appealing plant-based drinks while keeping costs low.

You can also gain access to expert advice on everything you need - such as ingredient usage and processing, and efficient packing and distribution of your product.

[Here's how we do it.](#)





The fast track to success



Sustainable ingredients

Do you need sustainable raw materials that are high in protein, contain specific vitamins or carry unique flavours? We can help you source this, with sustainability as a top priority. Our new process for soy drinks uses the entire bean, resulting in zero waste and higher fibre and protein content.



Plant-based packaging

We meet our commitment to reduce transportation emissions with packaging factories on every continent. Our range of sustainable carton packages includes:

- Tetra Rex®, is made of plant-based plastics and paperboard from sustainably managed forests.
- C38 Pro, HeliCap™ 26 Pro or DreamCap™ 26 Pro - tethered caps that reduce littering by staying attached to the carton after being opened.



Efficient plant operations

Efficiency and sustainability go hand in hand in beverage production. Reduce your carbon footprint by up to 30% with our industry-leading processing and packaging equipment, such as OneStep Technology. You can also reduce the use of your resources by streamlining your production schedule with Tetra Pak® PlantMaster.



Focus on sustainability

Easily untangle the complex process of producing sustainable plant-based beverage with solutions that meet your specific needs while reducing your environmental footprint.

Innovation to reality: What are the opportunities available?

Here's two to start with



Focus on affordability

Prospective customers encounter challenges such as the high cost and limited packaging options that suit their needs. By offering high-protein products in varied package sizes, manufacturers can remove potential price barriers for new customers.

What would this look like?

Mango-flavoured nutritious beverage - formulated with a potato, this drink provides an energy boost and keeps the consumer full due to its high protein content. This creates value for money.

What's in the market?

Rebel Kitchen produced on-the-go shakes for the UK market in 2020, offering a range of plant-based flavoured milk. These came in easily-portable packages, incentivising customers to try the product even as they get on with their busy day.

Innovate with Tetra Pak

Affordability, taste and health benefits remain key to potential consumers who show intent and willingness to purchase. Getting into this market means knowing how to speak the language of the consumer, and we're here to help you do just that.

Focus on health and wellness

Plant-based nutrients are considered a potent substitute for synthetic supplements. Manufacturers can leverage this by creating beverages that offer functional advantages for regulating bodily functions and protecting against daily discomforts.

What would this look like?

Oat-based drink with goji berries and matcha - Goji berries and matcha are rich in natural antioxidants, helping the body fight free radicals and protect the skin.

Almond-based drink with turmeric and honey - Turmeric can effectively combat slow digestion, with anti-inflammatory properties to control cholesterol levels.

What's in the market?

Vitasoy launched a prebiotic range of plant-based beverages in 2019, featuring soy, oat and almond milk. It used natural prebiotics present in plants to support gut health and added calcium for bone strength.

Are you ready to join the plant-based beverage revolution?

It is evident that the plant-based beverage market is booming in SEA countries like Malaysia, Singapore, Philippines and Indonesia. Yet, while plant-based beverage consumers seek out healthier options to incorporate into their diet, they continue to prioritise taste and affordability in the products they choose. Thus, food and beverage manufacturers who can provide plant-based drinks that cater to known consumer tastes, and which are friendly on the pocket, stand to benefit from this surging trend.

Whether it is soy or RNGS ingredients, the plant-based beverage category provides immense opportunities. For instance, food and beverage manufacturers could invest in research to uncover consumer insights that would explain the popularity of functional beverages. With a partner like

Tetra Pak, you get valuable research and the necessary tools and solutions to put the findings into action.

[Contact us today](#) to learn how you can tap and grow your plant-based beverage opportunities.

