

# Gluten-free at the supermarket

BETTER DIAGNOSTICS AND LIFESTYLE TRENDS WILL DRAMATICALLY INCREASE THE NUMBER OF CUSTOMERS FOR GLUTEN-FREE PRODUCTS IN THE COMING YEARS. THE FOOD RETAIL DISTRIBUTION CHANNEL WILL BECOME EVER MORE ATTRACTIVE

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The British industrial baker Warburtons has a large gluten-free division

++ figure 2



++ figure 2

The German supermarket chain Rewe launched a free-from own brand onto the market in April 2012

**+** In large parts of Europe gluten-free baked goods have lost their image as hard, tasteless foods. The reason is that whereas in the past many gluten-free products contained more sugar, salt or fat than conventional products to mask their poor taste, increasing numbers of companies in Europe are now discovering this special market for themselves and are producing bread, rolls, baked goods and cookies in an ever greater wealth of variety and distinctly improved quality, and with a gluten content of less than 20 ppm.

So the market has started to move. This is due not least to the growing numbers of coeliac disease sufferers – and thus also of customers. Coeliac disease self-help groups report a constant increase in membership. For example the Dutch Coeliac Association (Nederlandse Coeliakie Vereniging, NCV) welcomes around 60 persons as new members every week. The British self-help association, Coeliac UK, even reports being able to register around 1,000 new members every month. It is the biggest association in Europe, where there are currently 39 coeliac disease self-help groups, 32 of which have teamed up to form the Association of European Coeliac Societies (AOECS). Clinicians now consider it proven that about 1:100 persons have gluten intolerance or sensitivity. With Europe's population of around 700m, that means an impressive number of customers for gluten-free foods. But not all those who buy gluten-free foods today need them for medical reasons. Gluten-free is a lifestyle trend at the moment. It was triggered a few years ago in the USA by the confessions of celebrities in the gossip columns. They reported that they were able to work better, looked slimmer and felt healthier since they changed to a gluten-free diet. They included for example the actress Jessica Alba, the footballer's wife Victoria Beckham, teenage singer Miley Cyrus and supermodel Miranda Kerr.

Figures for the sales of gluten-free foods are difficult to obtain. The British Coeliac Association uses data from the market research organization Mintel International Group Ltd. in London. It forecasts sales of around EUR 287m for the United Kingdom for 2014, followed by Germany with around EUR 210m and Italy with EUR 249m. These figures refer to all gluten-free foods. In addition to baked goods, they also include pasta, cereals, bread/cake mixes and beer. Mintel reports that 2,528 new gluten-free products came onto the British market between 2006 and 2010. Nielsen Germany (The Nielsen Company (Germany) GmbH, Frankfurt am Main) has obtained figures for the sales of gluten-free products in the German food retail. Thus goods valued at EUR 54,203 were marketed through this sales route in 2012. The figure for 2011 was EUR 46,359 and for 2010 it was EUR 38,990. The proportion of food businesses carrying a gluten-free product range rose at the same time. It was 38% in 2011 and 30% in 2010. Bread and bread rolls are the most important group of goods in this respect. According to Nielsen, they make up over one third of the gluten-free foods business. Other important sales channels include Internet mail order, drugstores, health-food shops and, in a few European countries, even pharmacies. For example in Italy gluten-free foods can be bought in supermarkets only in a few isolated regions. There is a prescription market in that country with Health Ministry support for sufferers. Patients obtain the goods in pharmacies. Gluten-free foods are also obtainable in pharmacies in Great Britain. The majority of the countries in the EU grant financial support to coeliac disease patients to purchase gluten-free foods – albeit sometimes only for children and young people. That is important for many families, because most gluten-free foods cost 30–50% more than other comparable foods.

The growth rates for all the European countries for sales of gluten-free foods are classified by experts as very high. For the food retail in particular it is said they will be in the double-digit range throughout in the next few years. This is because people who are diagnosed with coeliac disease, although they must change their diet, don't want to be forced to change their shopping habits. They want to continue going to their preferred supermarket. Sainsbury's (J Sainsburys plc, London) in Great Britain was the first chain store in the world to adapt to this. It started its free-from own brand in 2001. Its competitors Tesco plc, Cheshunt, and Waitrose Ltd., Bracknell, followed a couple of years later. Now the Swiss supermarket chain Migros Genossenschaft, Zurich, and the Austrian Spar markets (SPAR Österreichische Warenhandels-AG, Salzburg) also each have free-from brands. And Germany's second biggest food group, the REWE Markt GmbH, Cologne, started with a free-from own brand in April 2012. Rewe's range currently includes 34 products, of which 17 are lactose-free and 16 gluten-free, and one is free from both gluten and lactose. Nine of them are baked products. The initial assessment of the outcome by Thomas Bonrath of Rewe's corporate communications is: "Since 'REWE free from' was launched exactly one year ago, sales of the range are growing strongly but are still at a low level. But the entire product range has potential."

Even where the food retail does not offer any free-from own brands, it is increasingly moving over to placing gluten-free



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Contamination is excluded: The Swiss company Jowa supplies its Huttwiler gluten-free product range in bags for baking-off

products on shelves of their own, and no longer assigns them to conventional product groups in an isolated, inconspicuous way. The dominance in almost the whole of Europe of the brands of Dr. Schär AG in the Italian town of Burgstall is conspicuous in this respect. From bread, pasta and cookies to ready-made meals and frozen products, Europe's biggest manufacturer of gluten-free foods has everything in its product range. A total of around 300 are on the market. They are distributed under six brands (Schär, DS glutenfree, ►

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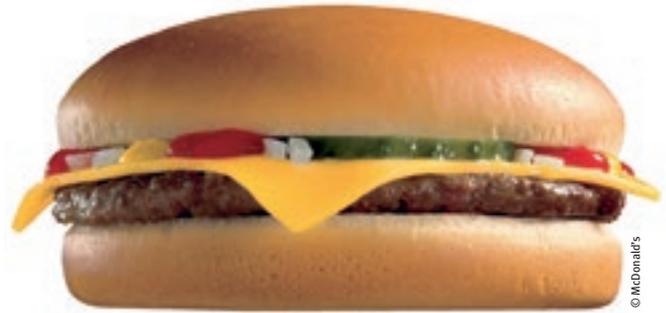
++ figure 4

Dr. Schär is in the market throughout the whole of Europe with around 300 gluten-free products

Glutano, Glutafin, Trufree, Beiker). The company has subsidiaries in Germany, Spain, the UK and USA, and production sites in Burgstall (Italy), Apolda and Dreihausen (both in Germany) and also in Saragossa (Spain). Another factory is currently being built in Logan (USA). Around 30 new products and improved recipes are developed every year in its own research laboratory in Trieste. The turnover of this industry leader, which already marketed products for the healthy nutrition of small children for the first time in 1922 under the name Dr. Schär, is EUR 145m. The company employs a worldwide workforce of 450.

The Italian gluten-free pioneers also occupy areas on which other businesses have not yet focused very strongly. These include ready-to-serve meals and frozen products. However, the area on which the Italians are currently mainly focusing on is catering. Under the name Bontà d'Italia (bontà means good quality or pleasant taste) Dr. Schär is establishing a network of restaurants and pizzerias in which it plans to offer a wide range of gluten-free foods. In close collaboration with Dr. Schär, the caterers taking part are each developing their own menu card with gluten-free foods. The companies are ensuring that a special work area is created in their restaurant kitchens to prepare the dishes freshly on the spot. In the context of a special training course, the staff are being specialized in the requirements of gluten-free nutrition, and are examined once a year. Currently this network is being set up in Italy, Germany, France and Spain. It is associated with the further development of the Internet platform [www.glutenfreeroads.com](http://www.glutenfreeroads.com). Here there are currently more than 30,000 addresses all over the world where people can buy or dine gluten-free. The catering area for gluten-free foods is particularly highly developed in Scandinavia, where it is now already possible to eat gluten-free meals in a very large number of restaurants. Even McDonald's offers gluten-free buns for its hamburgers in all the restaurants in Sweden, Norway and Finland – and has done so in Finland since as long ago as 1999. In Spain the fast-food giant has had hamburgers with gluten-free buns on the menu since 2011, and a pilot project with gluten-free buns will start in the Netherlands this year. Wherever McDonald's offers gluten-free products,

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McDonald's markets hamburgers with gluten-free buns in Scandinavia and Spain, and will soon do so in the Netherlands as well

it does so in cooperation with the national coeliac disease self-help association, which gives advice during the launch and monitors the correct handling of gluten-free products. In this area the self-help organizations are an important authority that patients trust. A seal of quality – a crossed-out ear of wheat – has already been in existence for around 40 years. All those producers whose foods contain less than 20 ppm of gluten are permitted to print it on their packs. It is checked regularly by the coeliac associations.

The crossed-out ear of wheat enjoys a high level of trust among coeliac sufferers throughout the whole of Europe. People with gluten intolerance depend greatly on the fact that they can rely on the stated freedom from gluten. The reason is that for a few of them even a trace of conventional flour is enough to cause diarrhea, nausea, abdominal pains or other distressing symptoms. The implication of this for the production of bread and baked goods is that it must take place strictly separated from the production of conventional flour. After a renovation early in 2012, the Jowa AG in Volketswil completed its pasta factory in Huttwil as a factory for gluten-free baked goods and pasta. And only recently the Ernst Böcker GmbH & Co. KG in Minden, Germany, completed a production site for gluten-free bread and bread rolls (more about this on page 18). The company, which is well-known for its sourdoughs, has been making gluten-free sourdoughs since 2004. Jowa belongs in turn to the Swiss food chain Migros. This bakery business, the biggest in Switzerland, has offered its products under the brand name Huttwiler gluten-free in Switzerland since the spring of 2012, and also in Germany since the fall of 2012. The product range currently consists of bread (sun bread with sunflower seeds, flaxseed and sesame seed, rustic, rustic toast, toast-bread, mini-baguette, mini-pretzel baguette), bread rolls (Kaiser rolls, Sunday rolls, pretzel rolls, ciabatta, rustic ciabatta), cakes (lemon cakes, cocoa cakes), pasta (penne, fusilli, spaghetti) and breadcrumbs. All the baked goods are individually packed in a bake-proof bag and frozen. This is beneficial both for end consumers and for community catering, restaurants and the convenience food area. The renovation of the production site in Huttwil was expensive, and cost CHF 5.7m (EUR 4.6m).

Site manager Christoph Keller says "The conditions now existing here are like those in pharmaceutical manufacture." The dough pieces are sterilized at the same time during baking. They cool down and are packed in a clean-room. The employees enter the room through an airlock in which they change all their clothes. However, the hygiene requirements don't just begin at the factory gates, they already start in the farmer's field. The cereal must also be processed by specialized mills in between. Special requirements are also imposed on the technology. Many of the machines needed to be adapted to the special conditions of the very sticky gluten-free doughs. Many are custom-built.

A whole series of bakery businesses for gluten-free products has come into existence, especially in the past ten years. Although none surpasses the Italian industry giant Dr. Schär, many other companies are strongly positioned on the market in their own countries, and export to many parts of Europe. They include for example Moilas Oy in Naarajärvi, Finland, Fria Bröd AB, Västra Frölunda, and Semper AB, Sundbyberg, both in Sweden, the gluten-free divisions of Warburtons Bakeries Limited in Bolton and Frank Roberts & Sons Ltd, Northwich, both in Great Britain, and the British bakeries Ultrapharm in Pontypool, Genius Foods in Edinburgh and Gluten Free Foods Ltd in Elstree, with their Barkat brand. Others include Balviten Sp. Z o.o. in Katowice, Poland, Giusto (Giuliani International Limited, Dublin, Ireland) and Nutri-

free (Nuova Terra S.r.l., Altopascio, Italy), Food for life in Utrecht, the Netherlands, and Damhert BV in Heusden Zolder, Belgium as well as Poensgen (Special Diet Bakery Poensgen GbR, Eschweiler), the Hammermühle GmbH, Kirrweiler, and Schnitzer GmbH & Co. KG in Offenburg, Germany.

Many representatives of these and other producers of gluten-free foods met together with representatives of the food retail, catering trade and out-of-home sector at the Free From Food 2013 event in Freiburg, Germany, in early June 2013. This trade fair was held for the first time, and showed once again that the free-from sector – and with it the gluten-free sector – is booming in Europe. Representatives of US-American gluten-free bakeries were also there. They are convinced that the European market is now very attractive. For example Joel Warady, Chief Sales & Marketing Officer at Enjoy Life Foods, a gluten-free baked goods producer in Illinois, says "Because the market is growing continuously, the right time has now come for us to show our products to the rest of the world." His competitor Bob's Red Mill Natural Foods in Oregon has already arrived on the Old Continent. Business Development Director Jan Chernus says: "We have the first products on the market in Great Britain and Ireland, and will soon start shipping to the Netherlands. We are currently translating the labels of our top sellers into three European languages, and will then be able to sell them in seven different countries. We will expand into Europe." +++

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