

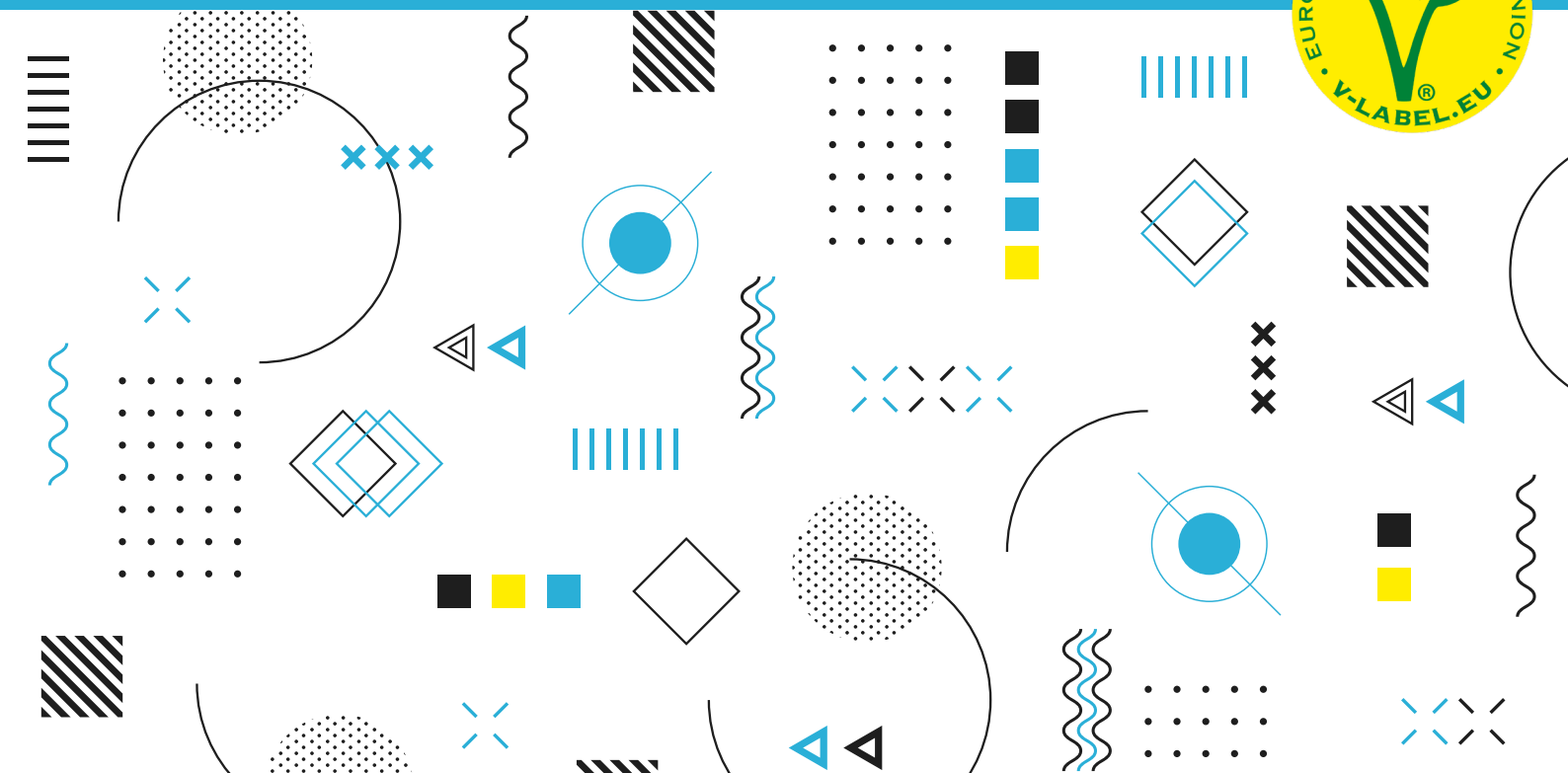


*V-LABEL WHITE PAPER*

*The future is tasty (and fair!):*

# INNOVATIONS IN VEGAN SWEETS AND CONFECTIONERY

*World's leading vegan & vegetarian trademark*





## PART OF THE **V-LABEL INSIDERS** SERIES

In this day and age, we often look for that one piece of wisdom that quality social media or articles can provide. And maybe it's just us, but often, a nudge is not enough. As change-makers, hand in hand with our partner organizations such as ProVeg International, Swissveg or Fundación Vegetarianos Hoy, we want to roll up our sleeves and get into the specifics. If you seek such content, keep your eyes on our White Paper series: something that's written for experts, by experts, and takes you from A to Z in a given niche without losing an inch of your attention.

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**People want to indulge without feeling guilty. The pandemic created a paradox in consumers' lives – stress-induced snacking is on the rise and so is the search for healthy alternatives. In other words, people want healthier options for sweets because they realized that cutting them off altogether is not sustainable given their stressful lifestyles that cause cravings for indulgent foods. Companies took notice and are creating a sweets revolution. Are you in or out?**

## **VEGAN CHOCOLATE IS A LAND FULL OF OPPORTUNITIES**

The global vegan chocolate market is on track to reach \$1.41B in 2028, increasing at a compound annual growth rate (CAGR) of 14.8 percent. Asian-Pacific market is expected to be the fastest-growing regional market during the forecast period due to the rising cases of lactose intolerance and an increasing number of vegans in the region. However, North America dominated the global market, accounting for a revenue share of over 37 percent in 2020. With the rise of a flexitarian diet across the globe, it's not just vegans who purchase milk-free chocolate.

### **Chocolate, the one to rule them all**

Did you know that the Aztecs valued chocolate more than gold? They believed chocolate was given to them by their gods, and they used chocolate beans to buy food and other goods. The first mention of chocolate, however, predates the Aztecs and goes as far as the Mayans, who first started to incorporate it in their diets with nearly every meal. Fast forward to the 1500s, where Europeans got to taste chocolate for the first time, as explorers from Spain, France, and Italy brought it home from exotic lands. It became a favorite indulgence of wealthy households.

All this time, chocolate was enjoyed as a drink, until in 1847, the chocolate bar was invented by British chocolatier J. S. Fry & Sons. They created a bar made with sugar, cocoa butter, and chocolate liquor that was naturally vegan. A big change came in 1876 when Swiss chocolatier Daniel Peter added dried milk powder to chocolate to experiment with taste and texture, thus inventing milk chocolate. Later, Henri Nestle





started a company with a friend, and they brought milk chocolate to the mass market. At the turn of the 19th and 20th centuries, the first big chocolate factories were founded – Cadbury, Mars, Nestle, and Hershey.

## It's time to go back to natural – the vegan chocolate

Big players are reacting to the change in customer preferences by launching vegan chocolate lines. Hershey's new Oat Made line offers two dairy-free flavors: Classic Dark and Extra Creamy Almond & Sea Salt. They're non-GMO and made with Rainforest Alliance certified cocoa. Mars is reinventing their all-time favorite bar Bounty and introduced a vegan version. Nestle isn't lagging behind: their popular KitKat bar is currently making its way to various markets. Lindt has launched vegan chocolate for the very first time in its 175-year history, and you can buy it now in the UK.

Before large companies took notice of this trend, many start-ups filled the gap in the market. Hands Off My Chocolate is a Dutch favorite that's been experimenting with different flavors and fillings. German company Makri has an innovative approach to making chocolate sweetened by dates. Portuguese company Carob World is sharing the



**Hands Off My Chocolate:** “We make the most innovative & fair chocolate, that is so delicious, you simply don't want to share it. Except with yourself of course.”



best-kept secret of the Mediterranean – carob – and creates a chocolate-like product that contains no stimulants such as caffeine and theobromine.

## THE FUTURE OF BAKED GOODS IS VEGAN, TOO

According to Fact.MR, global vegan baking ingredients sales are expected to see a CAGR (compound annual growth rate) of 7% through 2028. This growth can be attributed to the global consumer trend of adopting a vegan diet into their daily lifestyle. We are also seeing a growing interest in eco-friendly and ethical products, which has also surged the demand for vegan bakery ingredients.

### Cruelty-free baked goods a reality?

Sweets heavily rely on the creamy qualities of dairy and the dough-forming properties of eggs. They give distinct texture, taste, and visual appeal to the goods which customers expect because of how they make them feel. When you remove these ingredients, the biggest fear customers face is the loss of the taste we are all familiar with. The vegan baked goods industry is just a few steps behind on inventing replacements that can reach mass adoption.

Dr. Oetker is a German multinational company that produces baking powder, cake mixes, frozen pizza, pudding, and various other products. Several products are V-Label certified.





Savoury vegan items have been around for several years and grabbed their fair share of the plant-based market. Consumers are now used to seeing and enjoying these alternative choices. On the other hand, non-dairy baked goods are still relatively new and need to build their reputation. We assume it's not going to take long before vegan brownies have the same visual appeal as their non-vegan counterparts. Because consumers often make their choices based on visual attractiveness, there are opportunities in focusing on the development of ingredients that are able to mimic the animal-based ones. We associate sweets with comfort or special occasions in which we treat ourselves, so everything from how they look, how they taste, and how they make the consumer feel is vital.

## It's all about the eggs

The increasing use of aquafaba, which mimics the exact properties of eggs, is a game-changer for baking. There are also egg replacements that are made from pulses and/or seeds. The company Ulrick & Short came up with a product Ovaprox – a great clean-label solution to replace eggs in baked goods and sauces. This innovative product has been developed to provide the same volume, texture, mouthfeel, and overall function of eggs. In 2017, Austrian food company Agrana launched AgenOVUM®BIO, an organic egg replacement. We are expecting high growth in this segment due to the volatility in the egg market, coupled with the demand from consumers with allergies and consumers who are vegan, etc. All of these factors make plant-based baked goods an excellent business choice full of opportunities.

## Tastes just like butter

Vegan butters are becoming a household staple as there is a lot of variety on the market. For a Foods Faba Butter is one of the best-known butter alternatives, which are made from Aquafaba (a liquid by-product of soaking chickpeas) and coconut. For a claims that the use of aquafaba not only gives the product the taste and texture of dairy butter, but also prolongs its shelf life. Upfield has launched its own plant-based butters under several brands (Flora, Rama, Country Crock).





## Plant-based milk

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Elmhurst 1925 devised a process that allows the company to make a creamy dairy alternative using as few as two ingredients. The company implemented the “HydroRelease” method where nutritional components of nuts or grains are first separated using water and then reassembled into a thick substance without the need for added gums or emulsifiers. This innovation solves the major issue consumers had with dairy-free alternatives – the lack of the creamy taste and texture they’ve grown accustomed to.

## CAN CANDY AND SWEETS BE HEALTHY?

The global vegan confectionery market size was valued at USD 816.0 million in 2019, according to the GVR. This market is expected to grow at a compound annual growth rate (CAGR) of 11.8% from 2020 to 2027. The growing trend of vegan confectionery has been explored by the FMCG Gurus as well. In their report, they found out that consumers who turn to candies/gummies are most likely to do so regularly, with 54% saying that they do so once a week. This shows that for many, confectionery products are not an occasional treat but a staple in their diet, and an increasing number of consumers want products that help satisfy their needs relating to health, cost, and nutrition simultaneously and without compromise.

## The virus shifted customer behavior

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The COVID-19 pandemic has caused more people to reach for nostalgic products as a way of coping with uncertainty, as these products reminded them of simpler times from their childhood. This is something that is driving demand for retro and nostalgic products that elicit an emotional reaction from consumers – something that can trigger impulse purchasing and reduce levels of price sensitivity.





## THE RISE OF VEGAN CONFECTIONERY

We are seeing an explosion of plant-based options for indulging. Well-known company Manner makes vegan versions of their popular wafers and is tapping into the trend of consumers searching for healthier versions of nostalgic products. Katjes is a Germany-based company that makes vegan treats that make you want to be a child again. In DM's Bio brand, we can see a wide selection of sweets and candies.



Now, let's dig deeper into why we are seeing such a rapid rise in vegan confectionery. Customers are becoming more and more educated about food and ingredients.

### Vegans and flexitarians alike are conscious about these ingredients in candy:

- **Gelatin** – which is made by boiling the skin, tendons, ligaments, and bones of pigs and cows. This is what makes them chewy and maintains their shape.
- **Shellac** – which is a resin secreted by the female lac bug that can be found on trees in the forests of India and Thailand. This gives the candy a glossy appearance (a.k.a. confectioners glaze).
- **Carmine** – which is a red pigment made from scale insects, such as the cochineal scale and certain Porphyrophora species.
- **Bone char** – which is the bones from cattle that are used to process sugar, while also giving it that bright white appearance.
- **Beeswax** – which comes from the honeycomb of bees. It's used in many foods to help them set or maintain their





shape, for example, marshmallows, jello, and also (sadly) gummy bears! The process for making it involves boiling down beehives with water until all you're left are these white blocks. Beeswax is also known as E901.

For many years, these ingredients were key in candy productions. Now, though, there is a revolution that has brought many new innovations that will hopefully replace these ingredients. In vegan candy, gelatine is replaced with pectin, agave syrup is used instead of sugar, and juice is used for coloring.

## **Vegan chewing gums? Why not!**

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Conventional chewing gums contain gelatine, carmine, glycerine, stearic acid, and lecithin.

Glycerine is one of those tricky ingredients that can be made from both plants and animals. It can be produced from soybeans or other plant sources as well as from tallow, animal fat, or with synthetic means. Some brands clearly state how it's been made and mark products as vegan if it was made from soy or other plants. It's best to check directly with the producer! On the product, it can be listed as glycerine, glycerol, or as E422 (E is the number for fatty acids). Usually, this ingredient is used as a sweetener and paired with xylitol.

Gelatine gives chewing gum its typical chewy texture, and pectin seems to be a great replacement. Pectin is a unique fiber found in fruits and vegetables. When heated in the presence of liquid, pectin expands and turns into a gel, making it a great thickener for jams and jellies.

Stearic acid naturally occurs in chocolate and is an additive to some chewing gums. Similarly to glycerine, it can be produced from both plants and animals. Although it generally occurs in high quantities in animal fats, cocoa butter, which is used in chocolate, is a key exception. On the packaging, it can be listed as E570, and in gums, it's used as a thickener and an ingredient that increases the gum's flexibility and plasticity. As with glycerine, unless the ingredients state it is derived from plants, or the gum is vegan certified, it is probably best to assume it is non-vegan.

Lecithin was initially isolated from eggs or milk, but it can



also be made from soy, rapeseed, and sunflower. This makes it complicated for vegans to be sure of the origin of this ingredient. In chewing gums, it's used as a softener in a similar way to stearic acid. On the packaging, it may be listed as E322, and unless its origins are stated, you should contact the manufacturer.

Gum base can be replaced using sap from a tree growing in South America. Gum base ingredients are problematic because manufacturers are not required to list everything in their product. As a result, the term "gum base" can hide ingredients such as petroleum, lanolin, glycerin, polyethylene, polyvinyl acetate, petroleum wax, stearic acid, and latex, all of which are not vegan.

### What's bubbling on the market?

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We are seeing a lot of innovation in this field. Companies like Zevia (soft drinks sweetened by stevia) offer alternatives to consumer favorite drinks like Coca-Cola, Fanta, or even tonic waters and root beers. Goldthread makes herbal tonics, which are used to help restore, tone, and invigorate systems in the body, as well as to promote general health and well-being. Resync launched the first groundbreaking vegan sparkling beverage that provides heart, immune, and digestive health benefits. Poppi takes gut health seriously and came up with prebiotic sodas.

Some of the classic beverage companies are making claims about their drinks being vegan, namely with their products Coke, Diet Coke, Coke Zero, Sprite, Fanta (all flavors), Dr. Pepper, Pepsi, and Pepsi Max. Where Pepsi products are concerned, their diet soda products aren't vegan because they contain gelatin, which is derived from animals and isn't even considered vegetarian, let alone vegan. Another thing to look out for is cream soda drinks. Most of the time, cream soda will not be vegan because it will have traces of milk or other animal byproducts in the ingredients.

### The problem with juices

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Orange juice, many people's favorite breakfast drink, might not be vegan or vegetarian at all. In the case of 100% orange juice, you are in the clear. However, the trouble comes with fortified products as companies like to add vitamins for an



“extra health boost”. We are specifically worried about the juices containing vitamin D, which can be D2 that is vegan-friendly, but also D3, which is not. D2 comes from animals—either lanolin, a waxy substance from sheep’s wool, or from fish oil. Vegans should also be mindful of “heart-healthy” labels, as products containing omega-3 fatty acids that can protect against cardiovascular disease would contain fish oil and fish gelatin from tilapia, sardines, and anchovies.

Fortification is not the only issue we face when it comes to juices. If we peek behind the curtain to see the actual process of making juices, we’ll discover that they use gelatine as a clarifying agent. What you may not know is that according to the FIC legislation, processing aids do not have to be declared on food labels. Another skeleton in the closet is food coloring such as cochineal (E120), which is used to enhance the color of orange juices. This edible food color comes from carmine, which is derived from the cochineal beetles and extracted by boiling the crushed beetles in water and mixing them with alum. Added sugars are often a problem, since the sugar-making process requires the use of bone char to achieve the clear white color. On the product, this could be hidden by using the term ‘natural carbon’, and you should look for mentions of ‘unrefined sugar’ as a vegan-friendly option.

## Coffee-lovers and barista drinks

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Indulging in coffee drinks, or chai lattes, matcha lattes, or even teas, which all need a milk replacement if you are vegan or lactose intolerant, has become much easier. While at home or in your favorite coffee shop, one could simply ask for a milk alternative, but it used to be a challenge to find vegan-friendly, ready-to-grab drinks while in the supermarket. Luckily, bottled options are on the rise with drinks like Cold Brew Plant Powered Wellness Drink by Simply Free, London Fog Nitro Earl Grey Tea Oat Milk Latte by RISE Brewing Co., Califia Nitro Latte with Oat milk, La Colombe (formerly known as the legendary Oatmilk Draft Latte) coffee drink by Oatly and La Colombe roastery. Both Alpro and Starbucks introduced chilled coffee drinks with plant-based milks.





## GET IN TOUCH TODAY

Transparency is in our DNA. If you have any questions about V-Label, schedule a free call now.



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**SCHEDULE A FREE CALL**

## GET CERTIFIED

Ready to increase the visibility of your vegan and vegetarian products? With V-Label, customers will be able to identify your products as vegan or vegetarian at a glance – thus earning their trust without hesitation, double-checking or second guessing the product's quality.



# The growing importance of vegan food labels: **How do conscious consumers shop beyond 2020?**



More than 23.000 shoppers across 40 countries participated.



**91%**

prefer products with a certificate such as V-Label.

**87%**

say products with the V-Label symbol make shopping easier for them.



**89%**

consider V-Label as useful when shopping.

**78%**

trust products with the V-Label symbol more than products without it.





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### ABOUT V-LABEL

Across the globe, more than 40,000 products from more than 3,500 licensees now carry V-Label.

V-Label is an internationally recognised, registered seal for labelling vegan and vegetarian products and services established in Switzerland in 1996. It is a reliable, go-to shopping guide for consumers.

With more than 25 years of experience labelling products and engaging experts in quality management, food technology, chemistry, cosmetology and marketing, we are the frontrunners of a global movement. As such, we cooperate with businesses, retailers, consumers, and campaigners.

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