

Alt-milk? A look inside the rise of plant-based beverages

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CARUTHERS, California — Matt Efrid had a sandbox. He sometimes built sandcastles, but his favorite pastime, his parents recall, was forming the sand into a miniature version of his family's farm and pretending to run it.

That passion stayed with Efrid, and now, at 43, he is a fifth-generation farmer 20 minutes south of Fresno.

Efrid grows, among other crops, 800 acres of almonds. His almonds all go to Blue Diamond, a cooperative; many become almond milk.

"The blue carton? That's us," he said, pride surging in his tone.

Alternative, plant-based "milks," often called alt-milks, have catapulted in popularity the past few years. Companies keep popping up; brands are rolling out new products; growers are eager to join the action.

But the alt-milk industry sometimes resembles a war zone. Dairy groups say the term "milk" should be permitted only on the labels of animal-derived products, arguing that sweeping dairy imitators under the same umbrella dupes consumers into thinking the two are nutritionally equal. The dairy industry has pushed the Food and Drug Administration to enforce regulations, and FDA this fall is considering doing so.

But despite conflicts, the alt-milk industry is making a splash.

Old is new

Plant milk isn't new. Coconut milk has existed for thousands of years — a staple across Southeast Asian, Indian and African cuisines.

The past few years, consumer interest has flourished. Alt-milk companies told the Capital Press that consumers are choosing their products because of taste preference, dietary needs, perception of sustainability and a general shift away from animal products.

According to sales data from SPINS, a retail data company, plant-based milks made up 16% of the total milk market, including dairy, in 2020, compared to 14% in 2019 and 13% in 2018.

Alt-milks have done well in 2020. Data from Nielsen, a market research firm, show that over the 52-week period ending Oct. 10, sales of nondairy "milks" increased 16.4%. During the 12 months ending in October 2020, American consumers spent \$13.3 billion on cow milk and \$2.3 billion on nondairy milks, according to market watcher Nielsen.

New 'milks'

Innovators have created milks made from coconuts, almonds, soybeans, oats, peas, cashews, flax seeds, macadamia nuts, rice, pecans, hemp, pistachios, walnuts, hazelnuts and flavor blends.

Pacific Foods, an Oregon company that sells soups, broths and beverages nationwide, was an early alt-milk pioneer. The company told the Capital Press it works with hundreds of farmers and cooperatives, sourcing as much as possible from Oregon's Willamette Valley.

Pacific Foods creates beverages

"across the flavor spectrum." Oregon hazelnut growers say the company's iconic hazelnut milk, for example, has helped their industry.

The company's top three best-sellers are oat, almond and hemp beverages.

Hemp milk is made with hemp seeds from the Cannabis sativa L. plant. It doesn't cause a high because it contains no THC.

Mark Taylor, founder of the Southern Oregon Hemp Cooperative, said hemp milk is evidence of how versatile the plant is.

"It shows the vastness of hemp," said Taylor.

According to SPINS, oat milk this year overtook soy milk in popularity. Sales of oat milk were \$228.6 million in the 52 weeks ending Oct. 4: almost 10% of the total market.

Outside oats and rice, few alt-milks use a grain base, but researchers are experimenting with millet, rye, sorghum, triticale and other grains.

One Oregon innovator, Sarah Pool, recently won \$235,000 for inventing barley milk made from the spent grain byproducts leftover from beer brewing. Pool's company, Take Two Foods, debuted barley milk this summer and plans to expand nationwide.

Almond milk remains the leader, with 63% of the alt-milk market.

Almonds reign

Efrid, the California almond farmer, grows 10 varieties of almonds. Butte and Padre varieties are often oil-roasted because they hold their flavor well. Nonpareil, California's most valued almond, goes into raw almond packages and high-end products. Milder-flavored varieties usually go into "milk."

Blue Diamond — Efrid is a director — is developing new products, including almond yogurts. Although Efrid is excited about alt-milks, he said the demonization of animal agriculture saddens him.

"Do I believe in the premise that animal ag is somehow bad for our ecosystem and should be eliminated? I don't. I have a very hard time with that narrative," said Efrid.

The grower said he thinks there's

room for both plant and animal products in the market.

"We look at ourselves as an alternative. I've never been one to say it should be one or the other. If there's a consumer segment, we'll tailor to it. Good 'ol capitalism," he said.

Efrid said he knows many farmers who work at the intersection of plant and animal-derived beverages. One of these farmers is his brother-in-law, Donny Rollin.

Rollin, owner and partner in Rollin Valley Farms in Riverdale, California, stands at the crossroads of two worlds: He is both a dairy farmer and an almond grower.

His farm milks 2,200 cows three times a day and grows 84 acres of almonds. Rollin thinks both plant beverages and cow milks should be free to thrive in the marketplace.

"To a certain extent, I believe we can all sit on the shelf together," he said.

Rollin said dairy farmers could learn from alt-milk companies. Dairy imitation brands, he said, are aggressive and pushing boundaries to create what consumers want. The dairy industry, he said, should be doing the same. He considers shelf-stable aseptic milk and lactose-free milk game-changers, and he hopes more inventions will follow.

Rollin finds himself torn as both a milk and alt-milk producer.

"I'm on both sides of the fence. I'm happy they're making almond milk and I think it's great. But on the flip side, I'm also a dairy person," he said.

There are some alt-milk companies that he is concerned about, including Impossible Foods, Rollin said.

Earlier this fall, Impossible Foods' spokeswoman Kelly Sulprizio told the Capital Press the company's work on inventing a dairy-free milk is "well underway." Impossible Foods' intention, Sulprizio said, is to create a beverage that tastes like dairy to oust animal agriculture.

Similarly, the NotCo company, which counts Amazon founder Jeff Bezos among its investors, just launched NotMilk this month in Whole Foods Markets nationwide. NotCo's founders believe "removing animals from food production

would protect the planet."

The company's spokeswoman, Kate Sherman, told the Capital Press that NotCo uses artificial intelligence algorithms to mimic animal-based milk and combines elements like pineapple, cabbage, chicory fiber and peas "that a human mind wouldn't possibly think of combining." NotMilk, Sherman said, is designed to taste, look, smell, feel and cook like dairy.

In contrast, Pacific Foods offers both plant-based and animal-derived products.

Rollin said if it were up to him, he would keep expanding almond milk but would restrict the term "milk" to dairy.

Nutrition debate

Dairy farmers say nutrition is at the heart of the labeling debate.

Numerous health groups, including the North American Society for Pediatric Gastroenterology, Hepatology and Nutrition, say consumers, especially young children and adolescents who consume plant-based milks instead of dairy, are at risk of specific nutritional deficiencies.

Some companies, like Pacific Foods, say they trust consumers to be "savvy" and to evaluate nutritional content by reading nutrition labels.

Others don't put as much faith in consumers' discernment.

According to a 2019 survey by the pollster Ipsos, 62% of alt-milk-only buyers believed plant-based milks offered higher or equivalent protein quality to dairy. In reality, almond milk contains 1 or 2 grams of protein per cup compared to 8 grams in cow's milk.

"I don't believe (consumers) are aware of the nutritional differences," said Anne Goetze, senior director of nutrition and business development at the Oregon Dairy and Nutrition Council.

Alt-milks, she added, often are highly processed and contain added sugars.

"Perhaps there's a place for both. It doesn't have to be an either-or proposition. But as a dietitian, it concerns me that people don't understand the differences," she said.



▲ Three of Pacific Foods' many plant-based beverage options.

On the farm

Many farmers say they wish consumers better understood food systems.

On a misty morning in St. Paul, Toni Veeman and her husband, Rodney, trudged through a muddy yard toward a barn. It had been a rainy week, and the path smelled of corn silage and over-ripe vegetables used as feed.

The farm milks about 400 cows on a property cupped by sloping green hills and fringed with gold and burgundy trees.

Toni Veeman, along with co-running the dairy, is also a health educator at Portland Community College, where she teaches students to have a well-rounded diet.

"Everybody should have options," she said. "But people should also be educated about nutrition."

A cow with big, curious eyes cocked her head and stretched forward, licking Veeman with her sandpapery tongue. A smile flooded Veeman's face.

The Veemans said they think educating people about nutrition is just one piece in the puzzle. Consumers, they said, need to know that most farmers take good care of their animals and that with new technologies, dairy farms are becoming more sustainable.

The intersection

Some dairy companies are embracing consumer interest in alt-milks as an opportunity.

Dairy Farmers of America, the nation's largest farmer-owned dairy cooperative, recently started a line of products called Dairy+ Milk Blends, which combine 50% plant-based milk with 50% cow's milk: for example, a half-and-half blend of oat and dairy milk.

Rachel Kylo, senior vice president of marketing innovation at DFA, told the Capital Press the blends are aimed at consumers who prefer some aspect of plant-based milks, such as flavor, but still want the creaminess and nutrition of dairy.

The product line, Kylo said, is doing well among Millennials and Gen X shoppers.

"We think this kind of breakthrough is exactly what our industry needs to explore," she said.

New horizons

Conflicts continue in the world of milks and alt-milks, with leaders on both sides watching to see what FDA's next move will be.

But one thing is clear: Alt-milk is here to stay.

Experts on all sides told the Capital Press those who hope to succeed in either market will need to keep innovating, educating and engaging consumers.

Efrid, the almond farmer, doesn't operate in a sandbox anymore; it's the real deal now, and he said one of the most valuable things he does is invite people to visit his farm or talk about his farming process.

"Again, I'm not directly involved in animal ag," Efrid said. "But I think animals and plants are both important, and both kinds of farmers could do better to educate and connect with consumers."



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