



Bulk Oat Milk Powder Gains Ground in Crowded Dairy Alternative Sector

It all started at a laboratory at Lund University in Sweden.

Food scientists first created oat milk nearly 20 years ago while researching lactose intolerance and sustainable food systems. Today, those two factors have been the driving force behind a tremendous rise in oat milk's popularity in coffee shops and grocery store shelves. That fact that it includes virtually no allergens and is more sustainable than milk and its other non-dairy counterparts has driven demand to exceptional heights. Oat milk sales rose [425 percent](#) in 2018, and it's expected to notch a [10.2% compound annual growth rate](#) over the next six years.

It's become so popular so quickly that a 2018 shortage in New York City made international headlines. For some companies, the commitment has become so fierce that they're eliminating traditional milk and a slew of nondairy alternatives to offer oat milk exclusively. One coffee roaster [summed it up well](#). "We try to stay up on trends, but this is less of a trend for us and more of a lifestyle." Oat milk has the right flavor profile and a clean label to match. It matches a growing demand for foods and alternatives that are good for the body and the planet but still taste great.

The Rise of Dairy Alternatives

Whole milk sales have been in steady decline for decades, falling by [40 percent](#) since 1975 as consumers move away from milk consumption overall. Over the years, a number of nondairy alternatives have gained popularity.

| That started with soy milk.

Soy milk was the first to expand beyond health food stores and begin replacing milk in lattes, smoothies and other products. Yet certain market limitations came with soy milk. Allergies and other dietary restrictions held some consumers back. What's more, soy milk's flavor profile couldn't match evolving consumer demand for a better tasting and more authentic dairy substitute. Today, soy milk holds a 13 percent market share in the non-dairy milk space, according to [Mintel data](#).

Almond milk has risen to take soy's place in a large way, and now holds a 64 percent market share.

But nut allergies remain an issue for consumers, and concerns about the environmental footprint of almond milk production have led others to look elsewhere. It takes about [1,900 gallons of water](#) to produce a pound of almonds.

Those challenges have created market space for a wide range of other plant-based milk products, including pea, banana, cashew, coconut, hemp and flax.

Got Oat Milk?

Oat milk has jumped out ahead of these competitors driven by a range of market advantages. Oat milk contains no dairy, no gluten, no soy and no nuts. Growing oats is more environmentally friendly than almonds, which require [six times](#) as much water to grow. Oat milk can be fortified with vitamin D, calcium and many of the other vitamins and minerals associated with traditional milk.

Oat milk consistently earns high marks for flavor with customers.

It has a creamier texture than other nondairy alternatives, blends well in coffees and other beverages and works in popular flavor applications such as chocolate and vanilla. Oat milk isn't just a popular dairy substitute, it's become a high-demand flavor in its own right.

A New Formulation with a Unique Insight on Flavor

Bluegrass Ingredients consistently monitors market trends and how consumer demands are shifting manufacturing priorities. With 10-fold growth between 2017 and 2019, the oat milk trend was hard to miss. Nevertheless, Bluegrass saw its unique market position in developing a new oat milk formulation that would drive new applications and cost savings.

Those headline-grabbing shortages in 2018 reflected a relatively unsophisticated supply chain. Those limitations were undoubtedly driving up costs and impacting how customers and coffee shops viewed the product. At the same time, traditional oat milk shares many of the same logistical challenges of dairy milk and other alternatives. It's complicated and expensive to ship and store liquids, and many oat milk products require refrigeration.

What's more, a significant portion of oat milk's popularity comes from its use as a coffee creamer. With decades of experience in the dairy industry and new expertise crafting nondairy substitutes, Bluegrass has unmatched industry experience in developing ingredients that satisfy dairy flavor and texture demands.

Bluegrass set about formulating an oat milk powder that would eliminate many of those supply chain challenges without sacrificing taste and texture.

Using its proprietary product development approach, the Bluegrass R&D team refined its spray drying techniques to create oat milk powder. These iterations then underwent a rigorous testing and evaluation process.





This process included side-by-side comparisons with traditional dairy powders and reviewing applications in the company's state-of-the-art test kitchen.

Capitalizing on a Continuing Oat Milk Trend

The resulting bulk oat milk powder developed by Bluegrass delivers the same taste that has come to define the growing oat milk craze. At the same time, it offers meaningful enhancements in flavor and texture when used as a traditional milk substitute. It captures the earthy richness, indulgent creaminess and subtle sweetness of oat milk.

The improved formulation allows for new product applications and improved usability and shelf life without sacrificing the clean label.

It has no added colors or preservatives and the same ingredients as traditional oat milk – oats, and water. That means it's vegan and gluten-free.

Bluegrass' clean-label oat milk powder works across all current oat milk applications, including:

- ✔ Coffee creamers
- ✔ Shakes and smoothies
- ✔ Yogurt
- ✔ Baked goods
- ✔ Desserts
- ✔ Snacks

Bulk Oat Milk Powder Creates Space for New Applications

Given oat milk's incredible growth and its emergence as a standalone flavor, many more applications in these categories and beyond are undoubtedly on the way. Today, Bluegrass is one of the nation's leading oat milk powder manufacturers. It's already collaborating with customers to tweak and enhance its formulation for future applications and products.

That process underscores a key reality in how food manufacturers today find and act on fast-evolving customer demands. These demands can come from all corners of the food and beverage space. The oat milk trend was born in coffee shops, where the non-dairy alternative had a single application with straightforward flavor demands. As the product grew in popularity, a broader spectrum of food companies have sought to capitalize on this trend in new products.

Bluegrass' innovation-driven R&D process is well-suited to meet this new reality in the food manufacturing space.

It offers other plant-based powders like yogurt and sour cream, as well as powders such as mango and avocado. Bluegrass has a unique ability to capitalize on flavor trends and make an in-demand flavor accessible in new products.



To learn more about Bluegrass' oat milk powder and other market-driven flavor solutions, [Contact Us.](#)