by A. Elizabeth Sloan

What to Watch for as the Plant-Based Food Market Grows

There can be little doubt that interest in plant-based fare is strong, although such products remain a relatively small segment of the $585 billion U.S. packaged food and beverage industry. Nearly half (48%) of consumers look for foods and drinks labeled "plant-based," per the Hartman Group's *2021 Health & Wellness: Reimagining Well-being COVID-19* report. Seven in 10 U.S. adults have tried a plant-based alternative, Datassential reports. And one-quarter of adults say they are eating more plant protein than last year, according to the *2021 Health & Nutrition Survey* from the International Food Information Council (IFIC).

Beyond Meat's *Beyond Sausage* was the 10th best-selling new food/beverage in 2020 with year one sales of $53 million; 36 of the top 100 best sellers had a plant-based attribute and 22 were vegan, according IRI's 2021 *New Product Pacesetters*.

Twenty-nine percent of adults eat meat alternatives at least once a month or more often, and 40% of those aged 18–44 do so, per YouGov's May 2021 *Meatless Products* survey.

One-third of restaurant diners aged 18–34 are increasingly seeking out vegetarian/vegan entrées as a first choice on menus, and 27% of older adults are doing so, per Technomic's 2021 *Center-of-the-Plate Seafood & Vegetarian Consumer* trend report.

Growing Buying Power

Of those buying plant-based foods and drinks, 49% are female, 56% are Gen Z/millennial, 37% have kids at home, 53% are college graduates, and 44% are core or mid-level wellness consumers, per Hartman's 2020 *Food & Technology* report.

More than one-third (36%) of adults are following a flexitarian eating plan, 5% are vegetarians, and 3% each are vegans or pescatarians, per Packaged Facts' 2020 report, *Vegan, Vegetarian & Flexitarian Consumers.* Nearly one-third (31%) of consumers are trying to limit their meat intake, per Mintel's *Plant-based Protein—U.S.* report; 10% always do so, and 21% do so most of the time.

Although vegetarians and vegans are the most likely to eat meat/dairy alternatives and plant-based foods, targeting flexitarians and omnivores who make up a greater percentage of the market is the key to growing sales. Sixty percent of flexitarians eat both meat and dairy alternatives, and one-third (33%) of omnivores do so, per Packaged Facts.

Sales of plant-based foods/drinks intended to substitute for animal products reached $7 billion for the year ended Dec. 27, 2021, up 27% versus 2019, per the Plant-based Foods Association (PBFA). Alternative eggs were the fastest-growing product segment.

Alternative meat/poultry sales are projected to top $2 billion by 2024, per Packaged Facts' 2020 *Meat, Poultry & Seafood Alternatives* report. Beef, pork, and chicken will be the largest categories; value-added forms, such as chunks and strips, will be the fastest growing.

Tattooed Chef's **Cauliflower Spaghetti With Plant-Based Bolognese** *frozen meal provides a healthy gourmet upgrade to pasta night.* Photo courtesy of Tattooed Chef

Plant-based dairy sales are expected to reach $5.2 billion by 2024, according to Packaged Facts' 2020 *Dairy & Egg Alternatives* report. Milk, followed by ice cream, yogurt, creamers, and cheese will be the largest categories. Forty-two percent of consumers currently use alternative milks; 9% buy ice cream alternatives; 8%, yogurt alternatives; 7%, butter alternatives; and 5%, cheese alternatives.

Potential Market Disruptors

Despite the strong growth of the plant-based foods market, unchecked issues with over-processing, an overreliance on ethics/personal values to sell products, and misleading labeling practices are poised to disrupt the plant-based momentum.

Mintel reports that six in 10 plant-based consumers would eat more meat alternatives if they were less processed. And while one-third of adults say planetary concerns have a great impact on their food purchases, only 10% say that environmental concerns "best describe their motivation" for purchasing plant-based foods, according to Datassential. In addition, a scant 1% say that their eating patterns are best described in terms of a "climatarian" focus.

Although 42% of consumers believe that animal agriculture has the greatest negative impact on the environment, per IFIC, just 10% of meat shoppers "strongly believe" that it has a lot of negative impact. Only 17% consider better-for-the-planet, worker, or animal when shopping in the meat department, per the 2021 *Power of Meat* report from FMI—The Food Industry Association.

IFIC reports that 13% of adults cite plant-based dairy and 12% mention meat alternatives as being among the top three food practices that have the greatest negative effect on the environment.

Labeling products that are naturally plant-based, such as wine, coffee/tea, or potato chips, as "plant-based," is increasing and may well lead to a loss of credibility, similar to the use of the terms natural and gluten-free.

Promises of biotechnology/cell-based proteins may work to erode the core base of plant-based consumers, who are disproportionately focused on natural foods. After all, more than half (55%) of shoppers FMI polled reject the idea of cell-based meat and poultry and say they'd never purchase it. Datassential reports that only 9% of consumers are looking forward to cell-based protein.

Consumer avoidance of plant-based protein has doubled since 2019—to 14%, per Hartman's *Health + Wellness* report. Dunkin' removed its *Beyond Meat* breakfast sandwich from the national menu in June.

Communicating Health Benefits

To ensure that plant-based products maintain and expand their appeal, product developers should pay careful attention to their health and nutrition profiles. For example, while plants provide their own unique health benefits, nutritional parity for animal alternatives is essential, especially for companies interested in entering the children's food market.

Sales of foods/drinks with a U.S. Food and Drug Administration nutrition claim grew 10% in 2020, per IRI; sales of foods with an immunity or antioxidant claim or those touting botanical ingredients rose by 12%.

Plant-based consumers are willing to pay for clean labels. Sales of plant-based foods/drinks with organic ingredients grew 28% for the year ended Jan. 21, 2021, per SPINS. Sales of products touting non-GMO status were up 27%; fair trade products, +15%; and products from Certified B Corps, +14%.

Targeting flexitarians and omnivores**, who make up a greater percentage of the market, **is the key to growing sales.

Kite Hill Protein *dairy-free yogurt features a blend of almonds, soy, and fava beans and contains 10–12 g of protein per serving.* Photo courtesy of Kite Hill

Concerns about satiety/feeling hungry and not getting enough protein are among the top issues with plant-forward eating, per Datassential, cited by 35% and 28% of consumers, respectively.

Plant-based eaters are much more likely to be on a low-carbohydrate diet than consumers overall, according to Packaged Facts. Vegetarians are twice as likely to opt for gluten-free products, and vegans are more likely to be on the keto diet. Plant-based eaters are also more than twice as concerned about sensitivities/allergens.

Four in 10 consumers choose plant-based foods for more energy, according to HealthFocus. Those with weight management and heart health concerns are among the most likely to buy plant-based alternatives, per Mintel.

What Plant-Based Consumers Want

Plant-based consumers are culinarily adventurous. Three-quarters enjoy cooking, 55% are frequent bakers, and 69% regularly seek out new products to try, per Packaged Facts. In addition, two-thirds will pay more for gourmet items, and eight in 10 will spend for unique tastes.

In the past year, 32% of adults have eaten plant-based proteins in a frozen prepared meal, 27% in a shelf-stable meal, 24% in a refrigerated prepared meal, 17% from a retail meal kit, and 12% from a meal kit delivery service, per Mintel.

Sales of plant-based frozen meals reached $520 million in 2020, up 29% versus 2019, per PBFA. Nearly three-quarters (71%) of consumers would like more frozen meals with higher levels of fruits and/or vegetables; 58% seek plant-based carb alternatives (e.g., zucchini pasta); 52% look for blended meat/vegetable items; and 51% seek meatless entrées, per the American Frozen Food Institute's 2021 *Power of Frozen* report.

Sales of plant-based frozen breakfast entrées jumped 84% for the year ended April 18, 2021, albeit from a small base; sales of plant-based snacks/appetizers grew by 83%; and sales of plant-based breakfast patties were up 59%, per SPINS data.

Vegan/vegetarian was the fastest-growing dessert claim over the past three years, up 12%, per Mintel's 2021 *Trending on U.S. Menus: Desserts* report. Plant-powered/vegan baking kits, baking ingredients, and breads/tortillas are untapped opportunities.

Plant-based consumers are likely to reach for whole food protein sources like beans and whole grains, according to Mintel. Nearly two-thirds (63%) would like more meat alternatives made with whole foods (e.g., vegetables).

Half of plant-based consumers are interested in using more nuts/seeds as a protein source; 43% want to use more legumes,(e.g., peas, beans, lentils, and chickpeas); 42% want to use more grains (e.g., rice, quinoa, and oats); and 16% want to use more tofu/tempeh, according to HealthFocus research.

Restaurant diners would like more plant-based appetizers, sides, entrée alternatives beyond burgers, sandwiches/handheld meat substitutes, and plant-based charcuterie on menus, per Datassential. **FT**

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