

# The Plant-Based Tipping Point

**Presenter: Caroline Bushnell • Assoc. Director of Corporate Engagement • The Good Food Institute**

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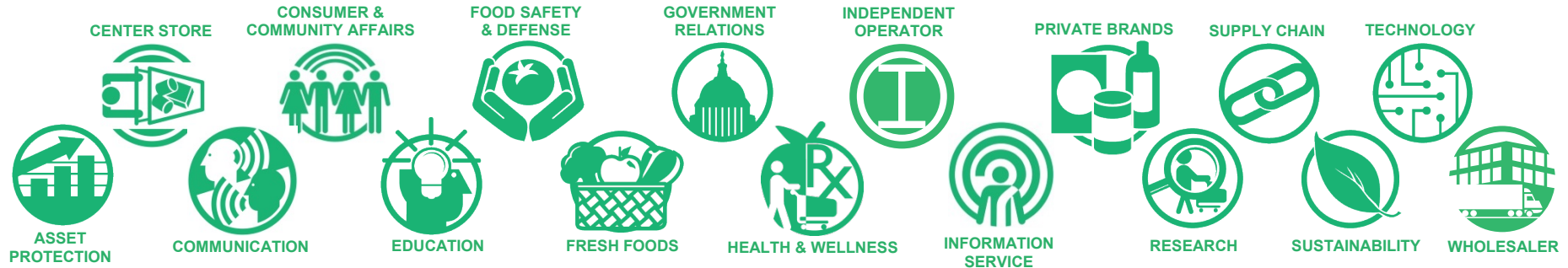


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We assist food retailers in their role of **feeding families and enriching lives**.

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Emphasis on fresh

- Produce
- Meat
- Seafood
- Deli/In-store, fresh prepared foods and assortments
- Bakery
- Floral



**Rick Stein**

**Vice President, Fresh Foods  
Food Marketing Institute**

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# FMI Fresh Foods



In-depth information, trends and insights to foster innovation, take advantage of new opportunities and help develop winning strategies



Share ideas, explore best practices and develop business relations



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# The Plant-Based Tipping Point

Caroline Bushnell, Assoc. Director of Corporate Engagement





# **Today's agenda**

- **Introduction to GFI**
- **The shift towards alternative proteins**
  - **Plant-based trends**
  - **Consumer insights**
- **Key insights from the retail market**
- **Successful marketing and merchandising strategies**

# The Good Food Institute

**Accelerating the shift to a sustainable, healthy, and just food system through three key areas of work:**



## **Science and Technology**

Advancing and open-sourcing the foundational science of plant-based and cultivated meat



## **Corporate Engagement**

Consulting with the world's biggest food companies to help them capitalize on opportunities in the plant-based market and supporting startups to drive innovation



## **Policy**

Advocating for fair regulation of plant-based and clean meat and lobbying for governmental investment in sustainable protein R&D

We act as a force multiplier, bringing the expertise of our departments to the rest of the world.



**UNITED STATES**  
**BRAZIL**  
**INDIA**  
**ISRAEL**

**EUROPE**  
**ASIA PACIFIC**

**90+ staff in 6 countries**

# Meat made from:

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## PLANT-BASED PROTEINS



## FERMENTATION



## ANIMAL CELL CULTURE



# No-cost services for the industry

- Retail market data
- Consumer insights
- Primary consumer research
- Product marketing and positioning
- Innovation and R&D support
- Science and technology updates
- Merchandising strategies
- Policy briefings
- Industry connections



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# The shift towards alternative proteins



# Plant-based 1.0 (aka Veggie)



## **Plant-based 2.0**



# Reframing the meat and dairy categories

## MEAT



**PLANT-BASED  
MEAT**



**ANIMAL-BASED  
MEAT**

## DAIRY

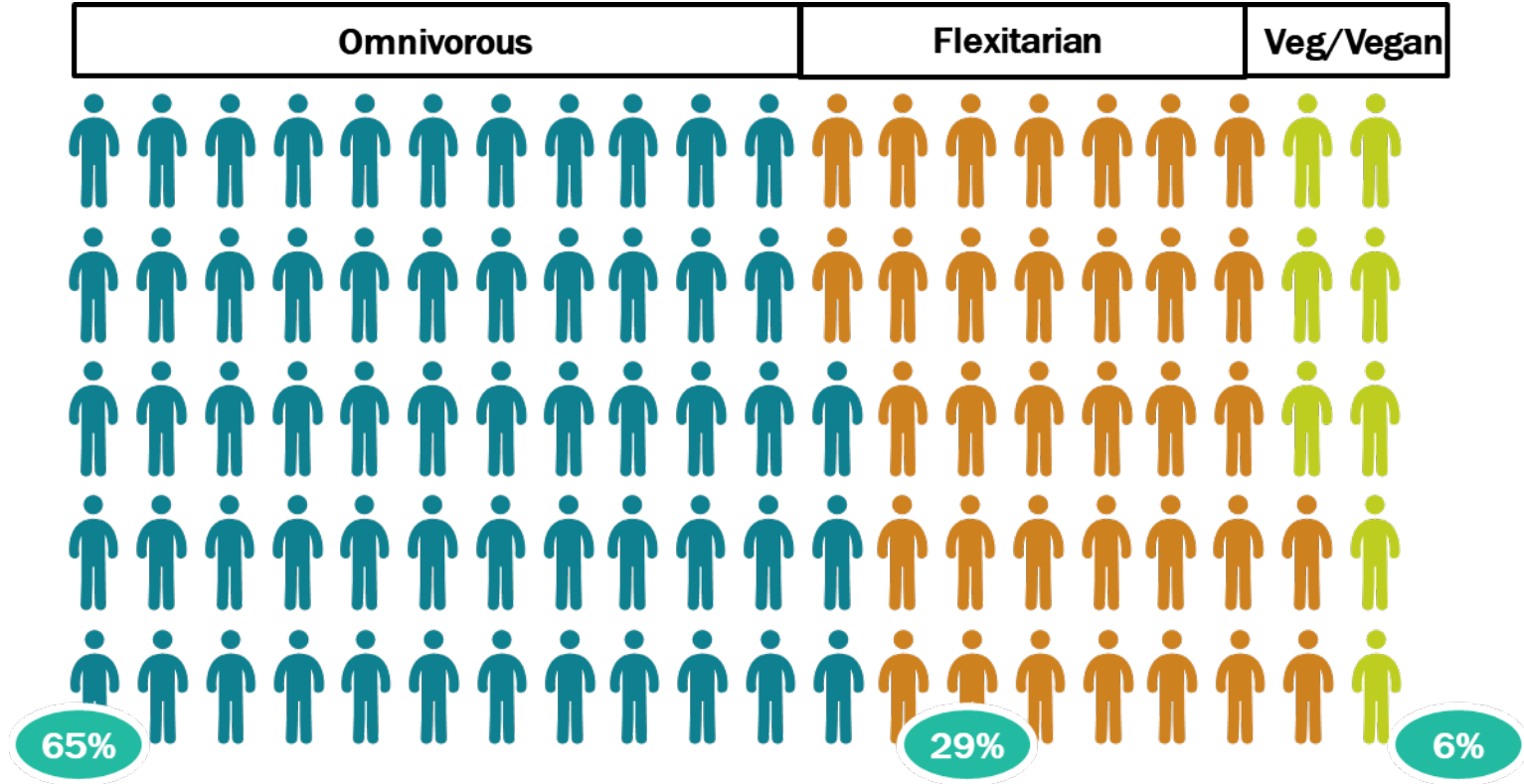


**PLANT-BASED  
DAIRY**



**ANIMAL-BASED  
DAIRY**

# Flexitarians and omnivores are now the market



# Consumer dietary patterns drive meat alternative preferences

**Vegetarians/vegans**  
10% of global population

**Flexitarians/meat reducers  
& meat eaters**  
90% of global population

Many of these consumers want...



**Whole foods**  
Beans, lentils, etc.



**Plant proteins**  
Tofu, tempeh, seitan, etc.



**Veggie-centric**  
Black bean burger

Most of these consumers want...



**Meat mimics**  
Plant-based meats

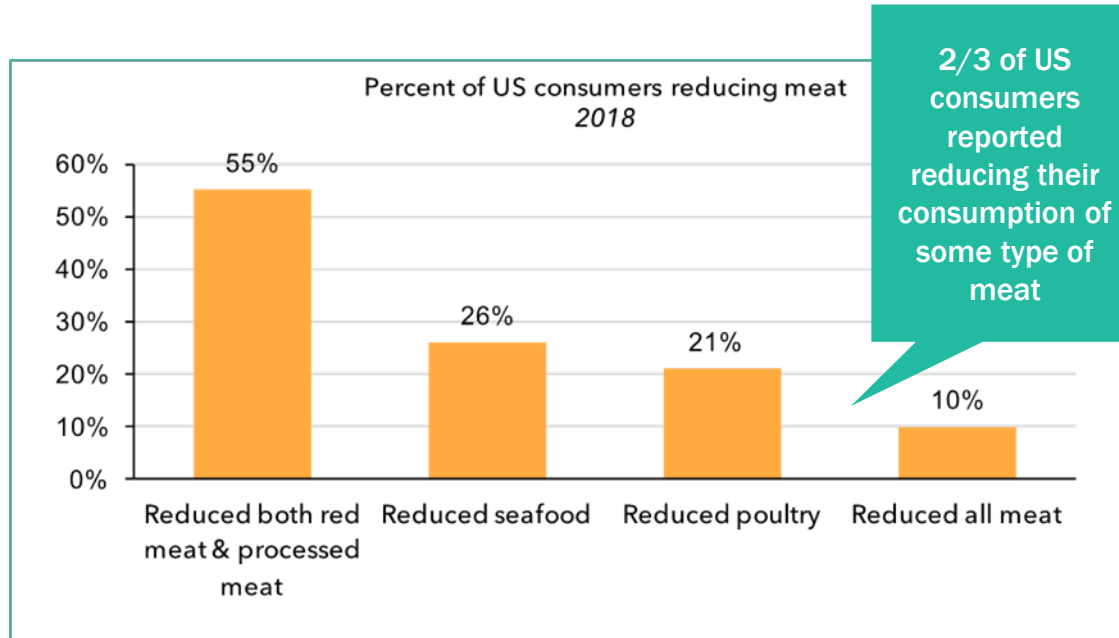


# Plant-based consumers also buy animal-based meat

“**93%** of the consumers in conventional grocery stores that are buying a Beyond Meat product **are also putting animal meat in their basket.**”

”Over **95%** of who order the Impossible burger people **regularly consume animal products** (i.e., aren’t vegan), and that most are not strictly vegetarian either.”

# A majority of U.S. consumers reported reducing their consumption of some type of meat



54% say they are "currently trying to consume **fewer** animal-based foods (meat, dairy, and/or eggs) and **more** plant-based foods (fruits, grains, beans, and/or vegetables)."

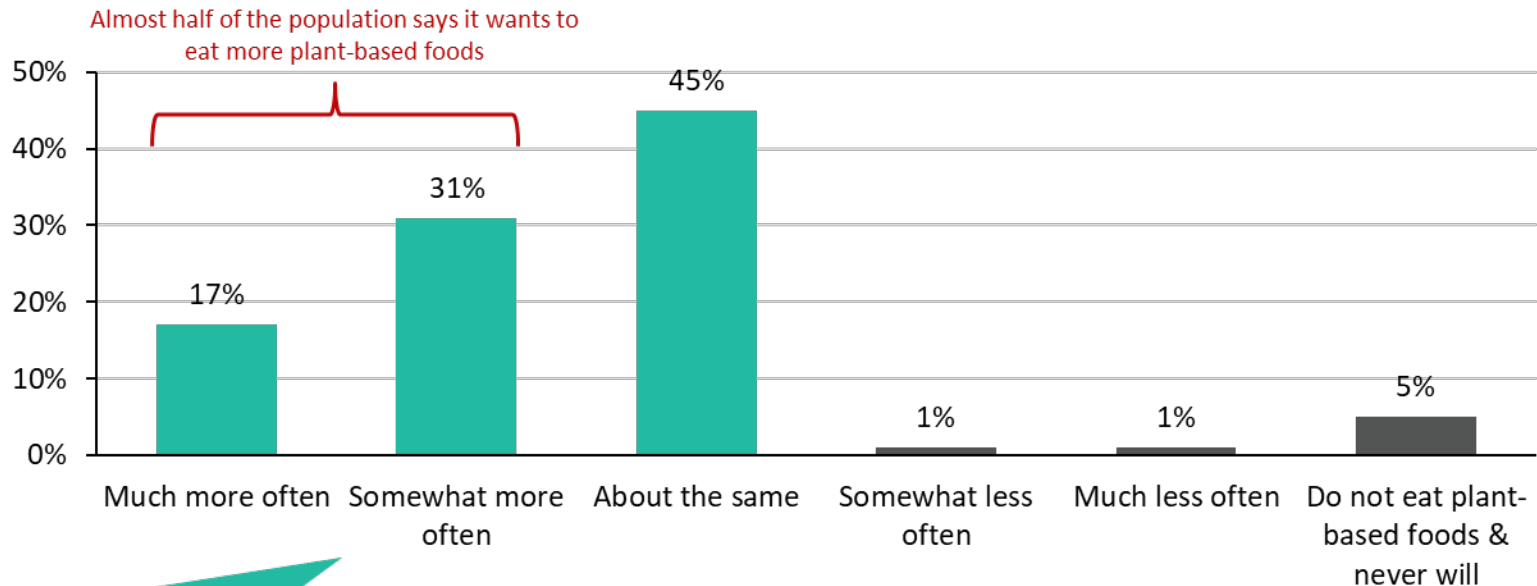


Source: Ipsos, October 2017  
1,094 US Adults

# And increasing their consumption of plant-based foods

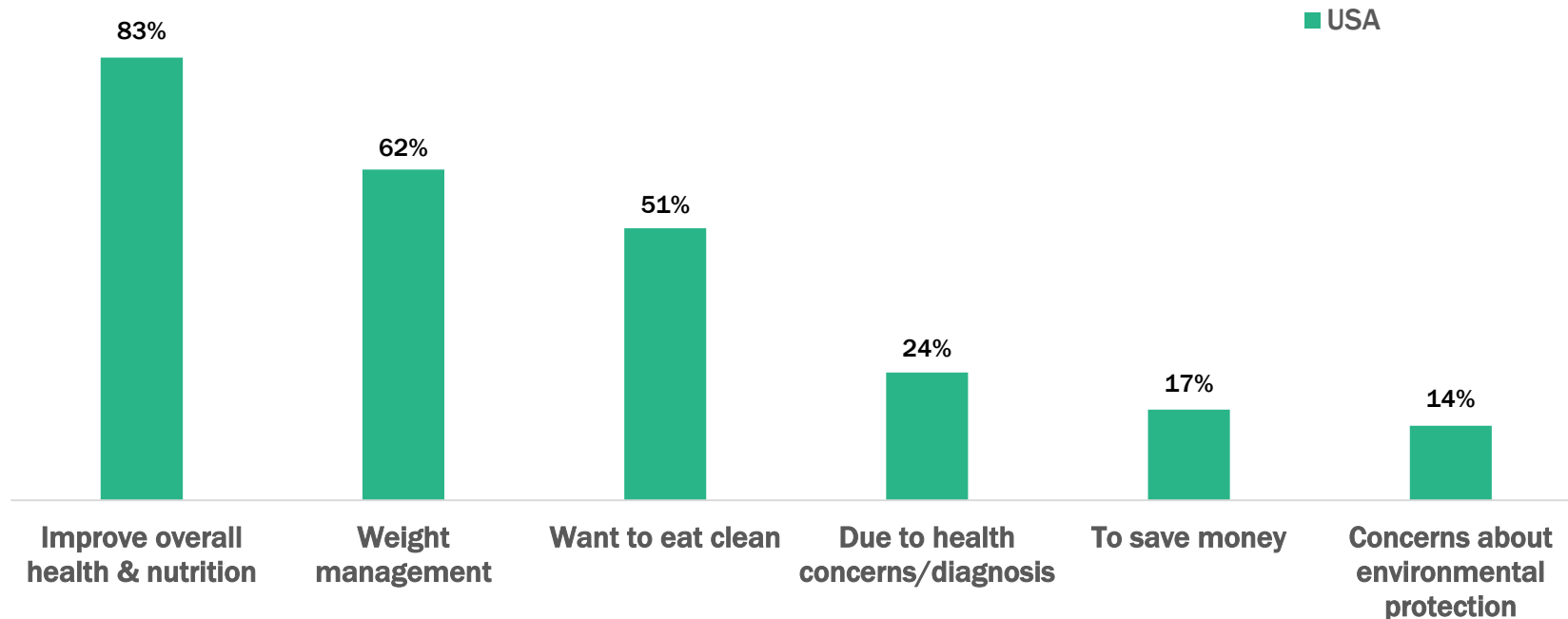
Q: In the year ahead, how often do you expect to eat plant-based foods?

2018



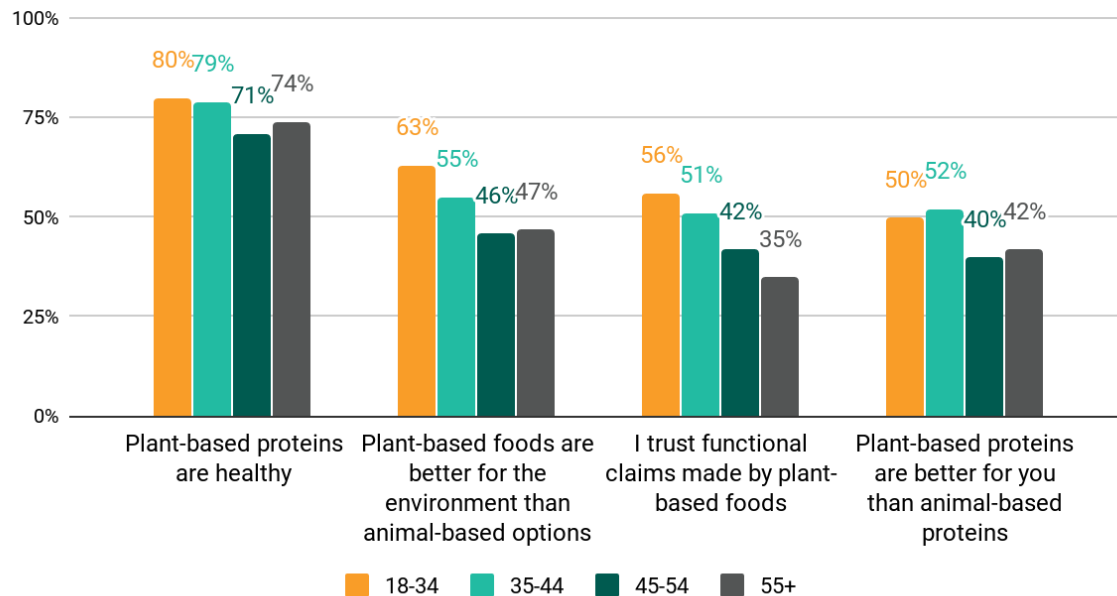
Similarly, Nielsen found that 39% of Americans are actively trying to incorporate more plant-based foods in their diets.

# Health is the key driver to eat more plant-based foods



# A majority of consumers view plant-based proteins as healthy

*How much do you agree or disagree with the following statements?*



Base: 2,000 internet users aged 18+

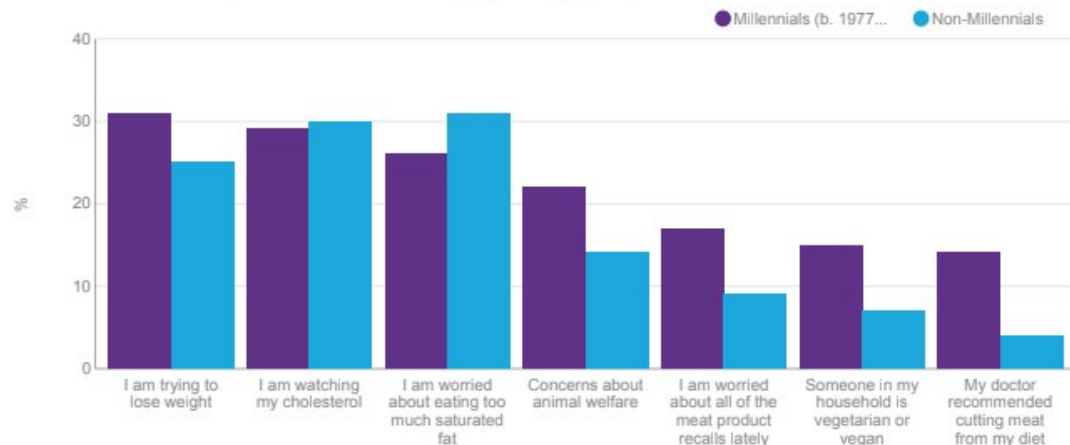
Source: Mintel, "Better-for-You Eating Trends" (US, August 2018)



# Millennials motivations extend beyond health to environmental and animal welfare considerations

While health concerns drive Millennials' uptake of meat alternatives, they are more likely than Non-Millennials to be motivated by animal welfare and meat safety concerns.

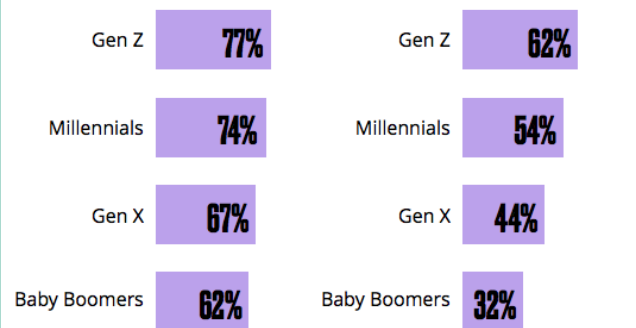
US: reasons for consumption of meat alternatives, by demographics, Oct 2016



Base: 1,245 internet users aged 18+ who eat/use protein alternatives

Source: Lightspeed/Mintel

Gen Z & Millennials are more likely to agree that "They care about environmental sustainability as a value"



Source: Impossible Foods: The Kids in the Kitchen

# Millennials & Gen X are highly engaged with plant-based meat

**IRI: Millennials + Gen X drove 67% of plant-based protein volume sales, versus 57% of meat categories sales, for the 52 weeks ending 5/20/2018**

**79%** of millennials eat meat alternatives

**30%**

eat meat alternatives every day

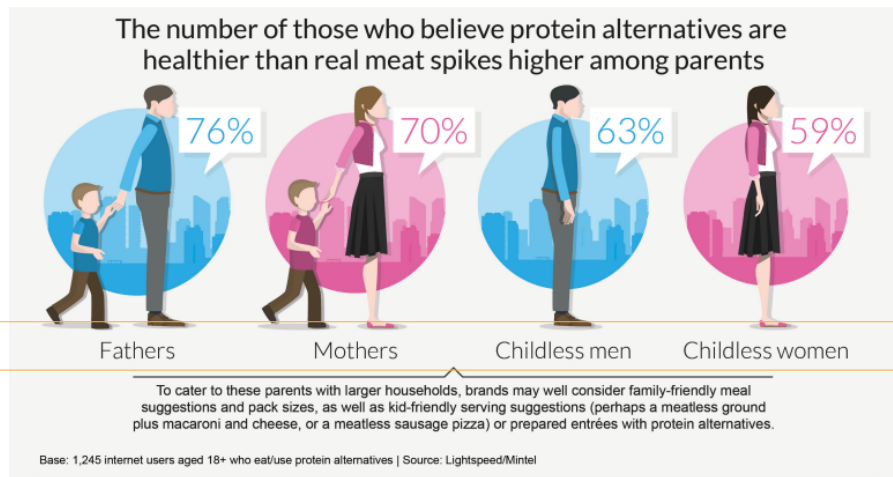
**50%**

eat meat a few times per week

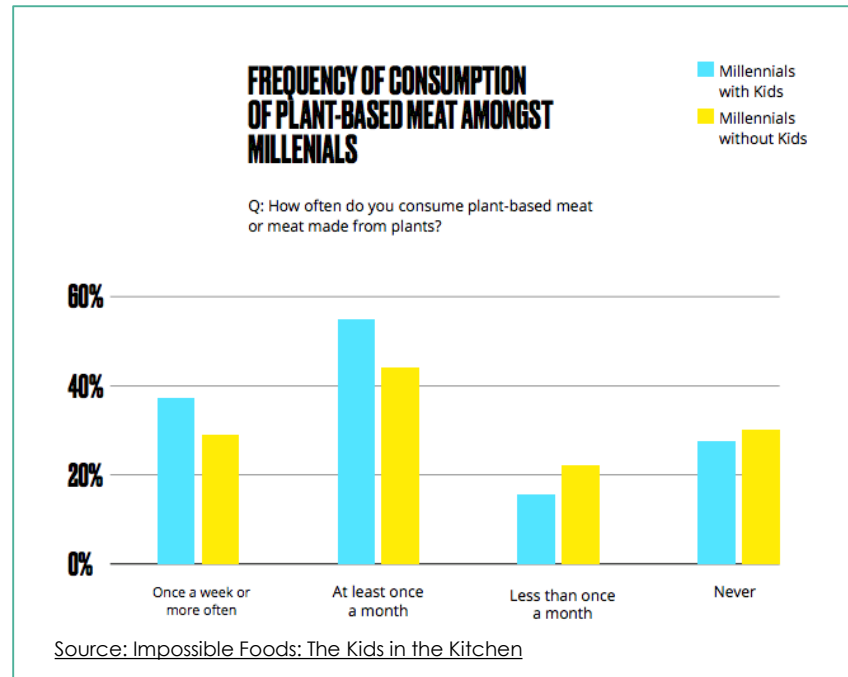
**37%**

plan to buy more meat alternatives next year

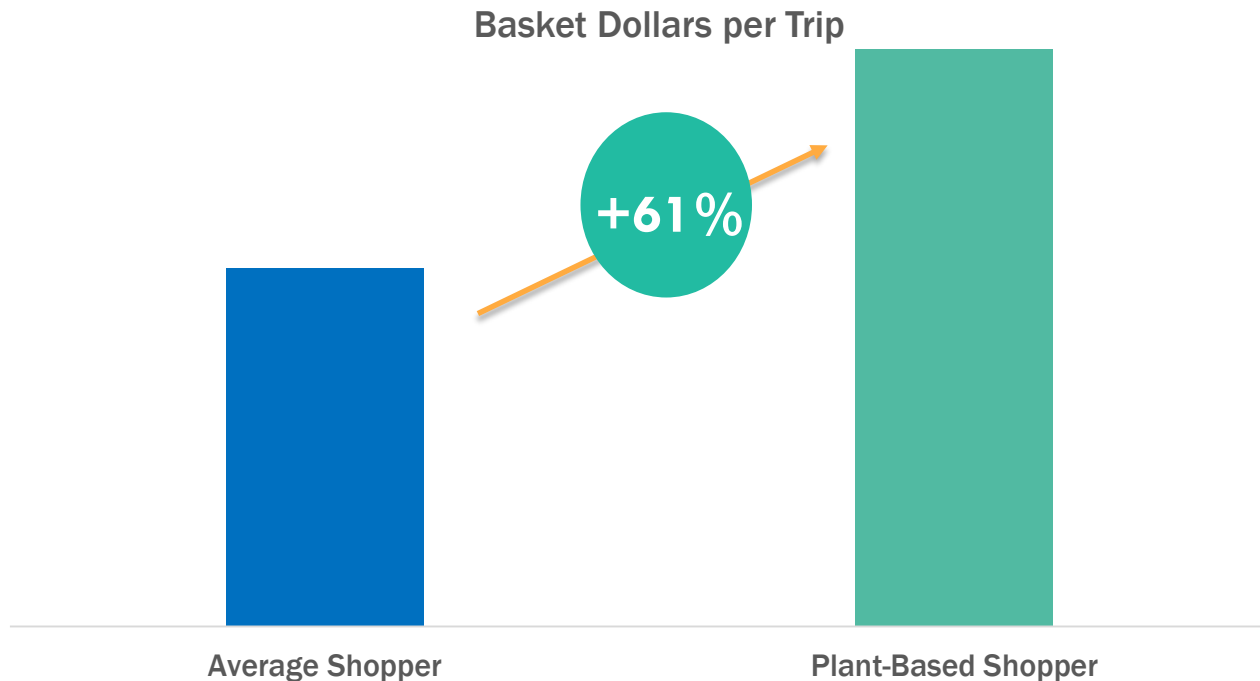
# Parents have especially positive perceptions of plant-based protein; Millennial parents purchase more frequently



Base: 1,245 internet users aged 18+ who eat/use protein alternatives  
Source: The Protein Report – Meat Alternatives – US – January 2017



# Plant-based shoppers are valuable—spending over 60% more than the average shopper



# Plant-based meat purchasers are especially valuable— 37% of households have an income greater than \$100K



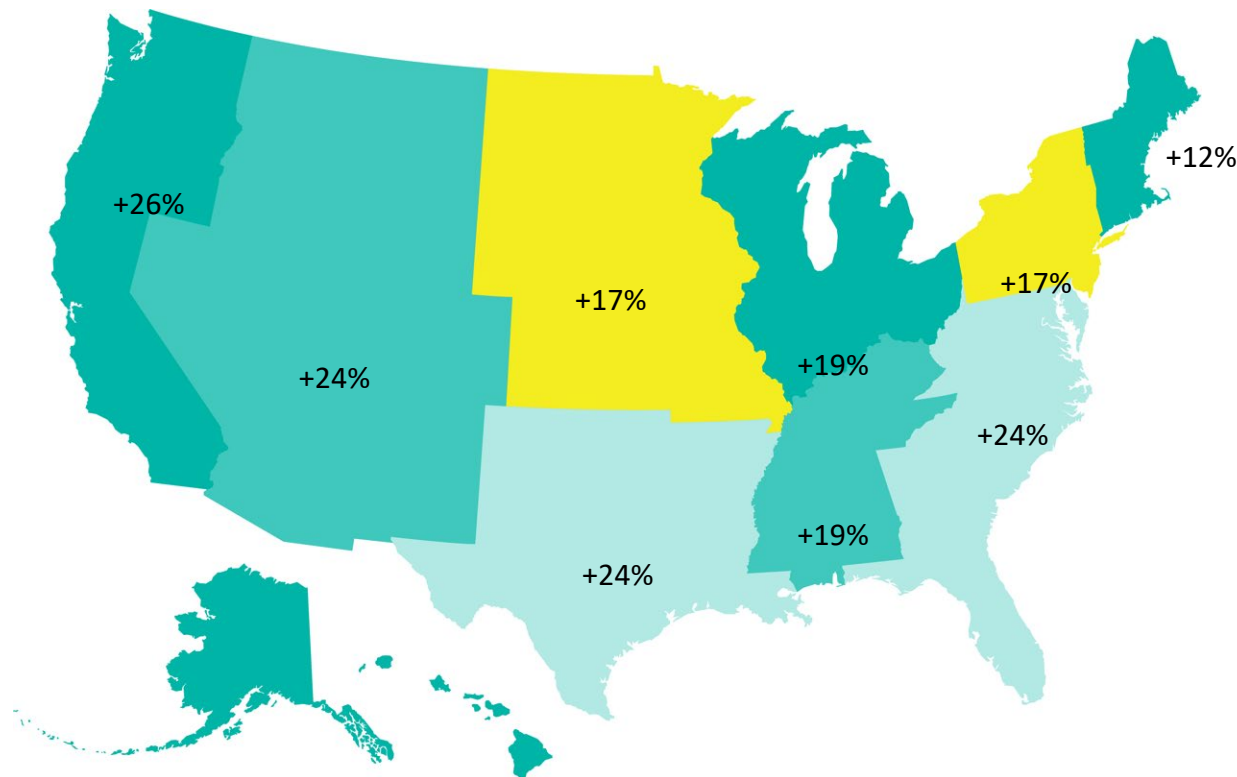
Source: Nielsen custom defined data set, Household panel, Total US, 52 weeks ending 7/28/18.

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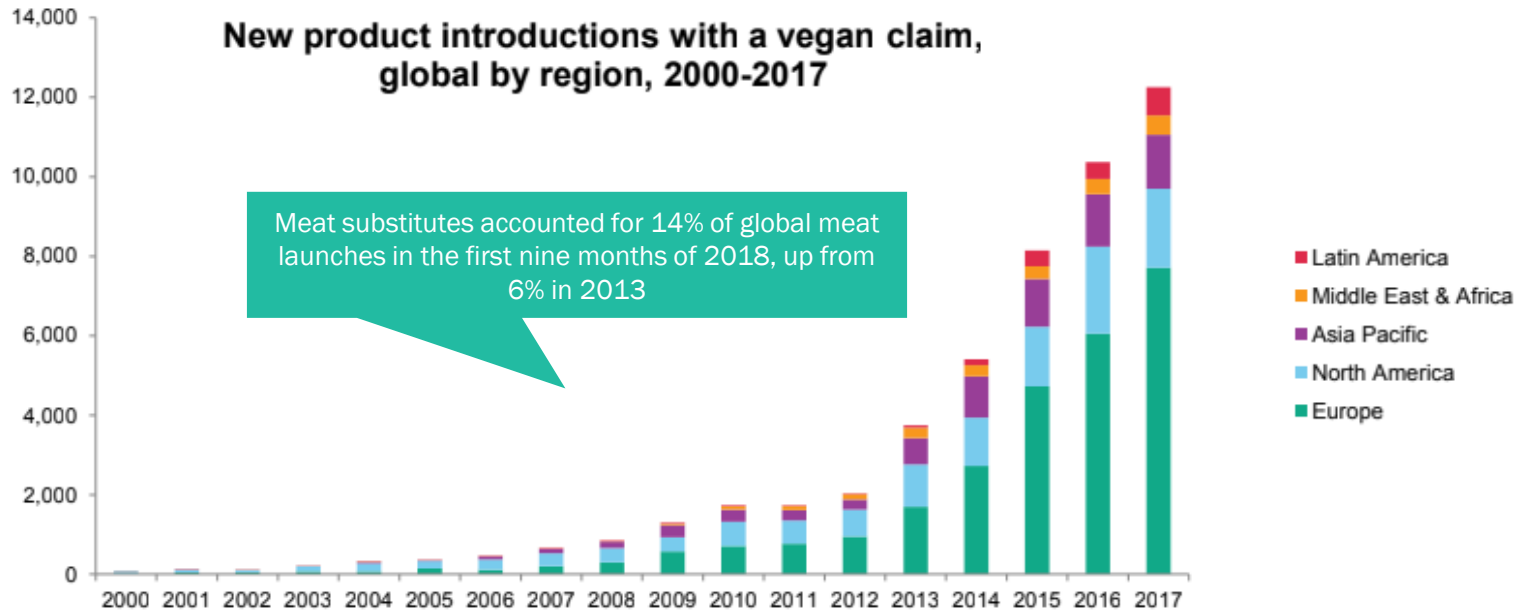
# Plant-based meat sales are growing in regions across the U.S.

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Source: Nielsen custom defined data set, xAOC, 52 weeks ending 8/11/18.

# This is a consumer shift, not a fad



# The U.S. plant-based meat market is projected to reach \$34b-\$41b; global market to reach \$85b - \$370b

U.S. plant-based meat market projections

Source	Projected market size	By year	Projected share of U.S. meat market
Grizzle	\$34b	2030	10%
Bernstein	\$41b	2030	12%

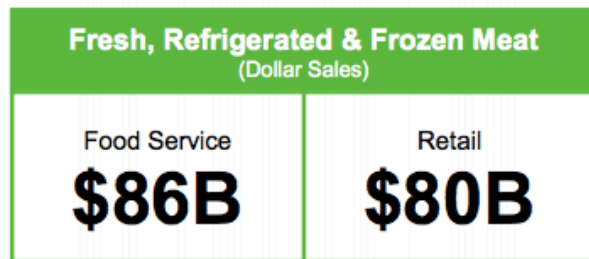


Global plant-based meat market projections

Source	Projected market size	By year	Projected share of global meat market
UBS	\$85b	2030	6%
J.P. Morgan	\$100b	2035	7%
A.T. Kearney	\$370b	2035	23%
Barclays*	\$140b	2030	10%
Jefferies*	\$240b	2040	9%



# Conagra is projecting \$30B in U.S. retail alone, with 15% share for plant-based meat



@15% Share<sup>1</sup>

**\$25B**

Center of Plate  
Meat Alternatives



@15% Share<sup>1</sup>

**\$5B**

Meat Alternatives  
In Meals & Snacks

Source: Bureau of Economic Analysis Nielsen custom defined data set, xAOC +WFM, 52-weeks ended August 11, 2018, IRI POS, Total US MULO+C, 52-weeks ended May 26, 2019

1. Assumed meat alternatives share of parent category total

## **POLL: What % share of market do you think plant-based meat will reach by 2030?**

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1. < 10%
2. 10%
3. 15%
4. 20%
5. > 25%

# The top 6 U.S. meat companies are all active in plant-based and/or cultivated meat



Smithfield



## Manufacturing

Launch of a plant-based product or product line



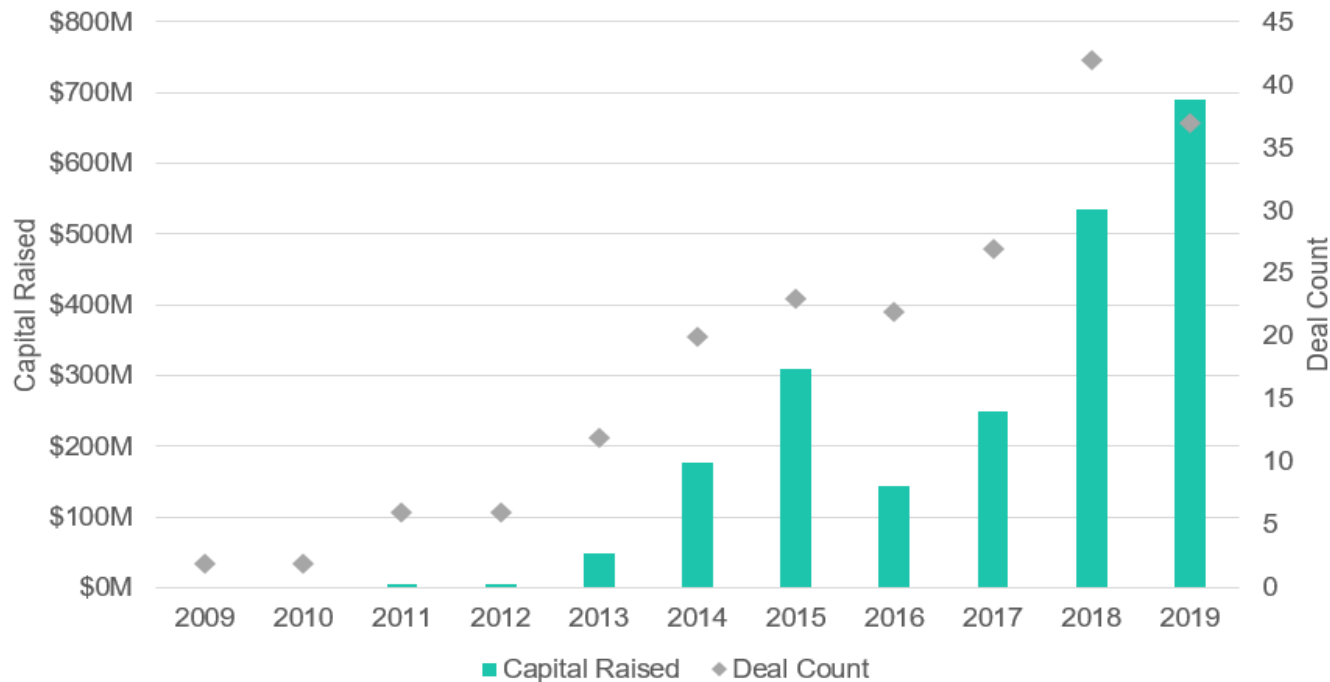
## Investment

Known investments in a plant-based or cultivated meat company



# Investment is flowing into plant-based food companies

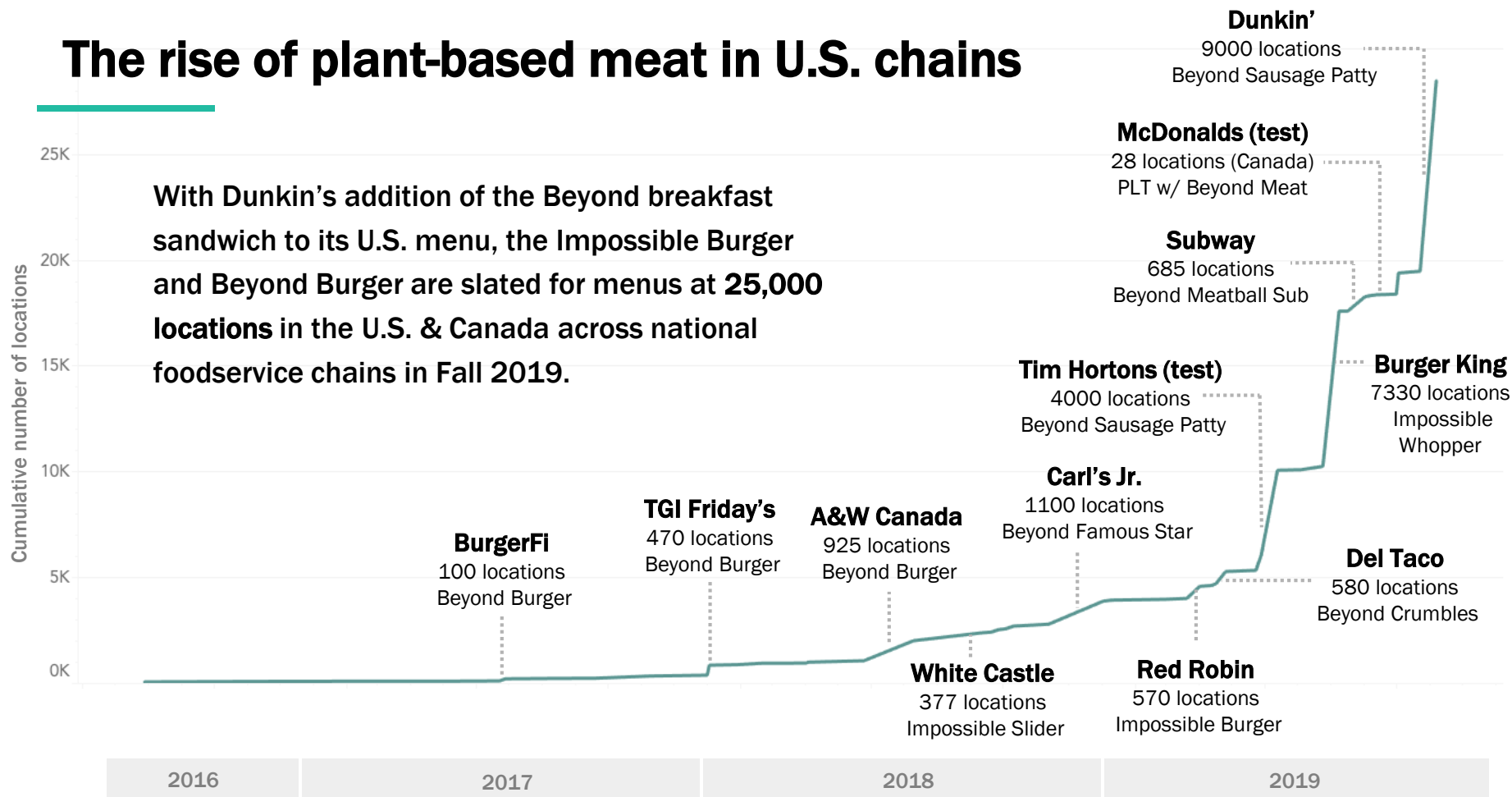
Plant-based food investments by capital raised and deal count  
(2009 - 2019)



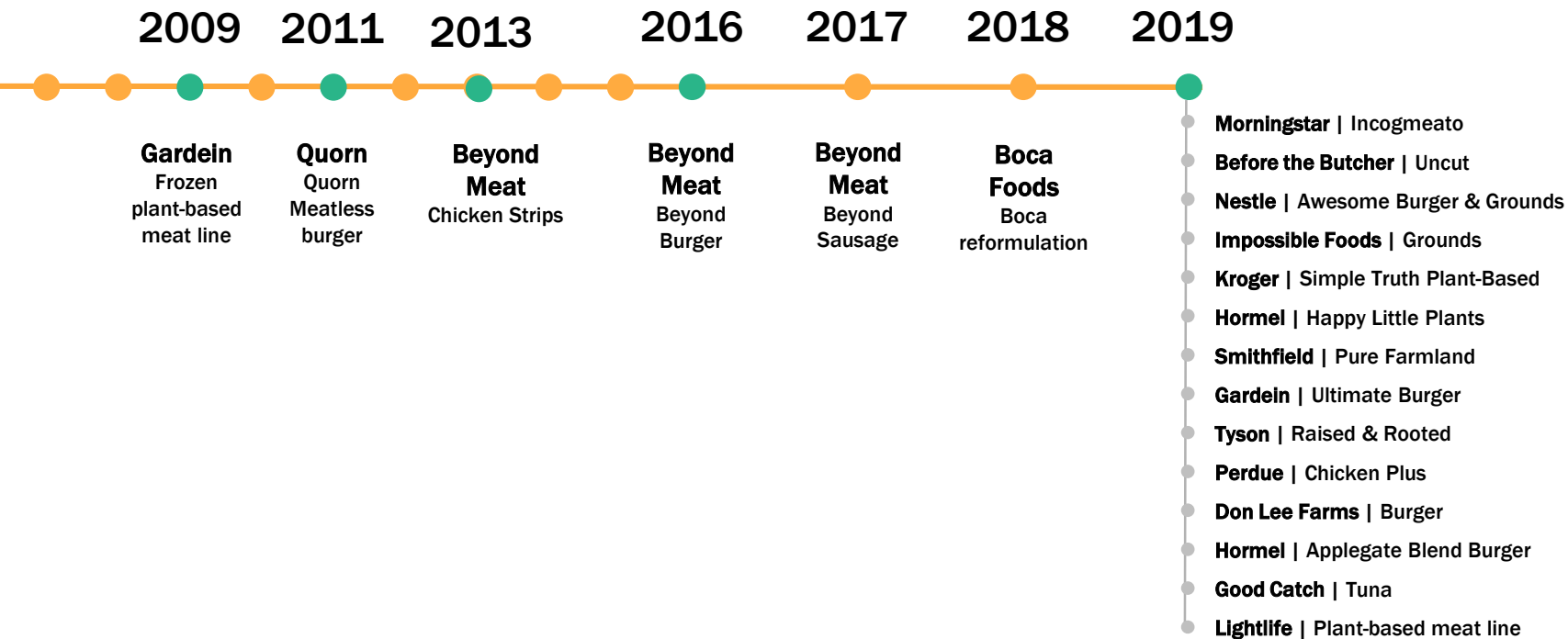


# The rise of plant-based meat in U.S. chains

With Dunkin's addition of the Beyond breakfast sandwich to its U.S. menu, the Impossible Burger and Beyond Burger are slated for menus at **25,000 locations** in the U.S. & Canada across national foodservice chains in Fall 2019.



# 2019: The tipping point for plant-based meat?



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# Key insights from the retail market

# Plant-based market overview

Only products that are plant-based substitutes are included in this data. Inherently plant-based foods, such as chickpeas and kale, are not included. There are 7 high-level categories:



Tofu and tempeh



Plant-based meat



Plant-based milk



Plant-based eggs



Plant-based meals



Plant-based condiments  
and dressings

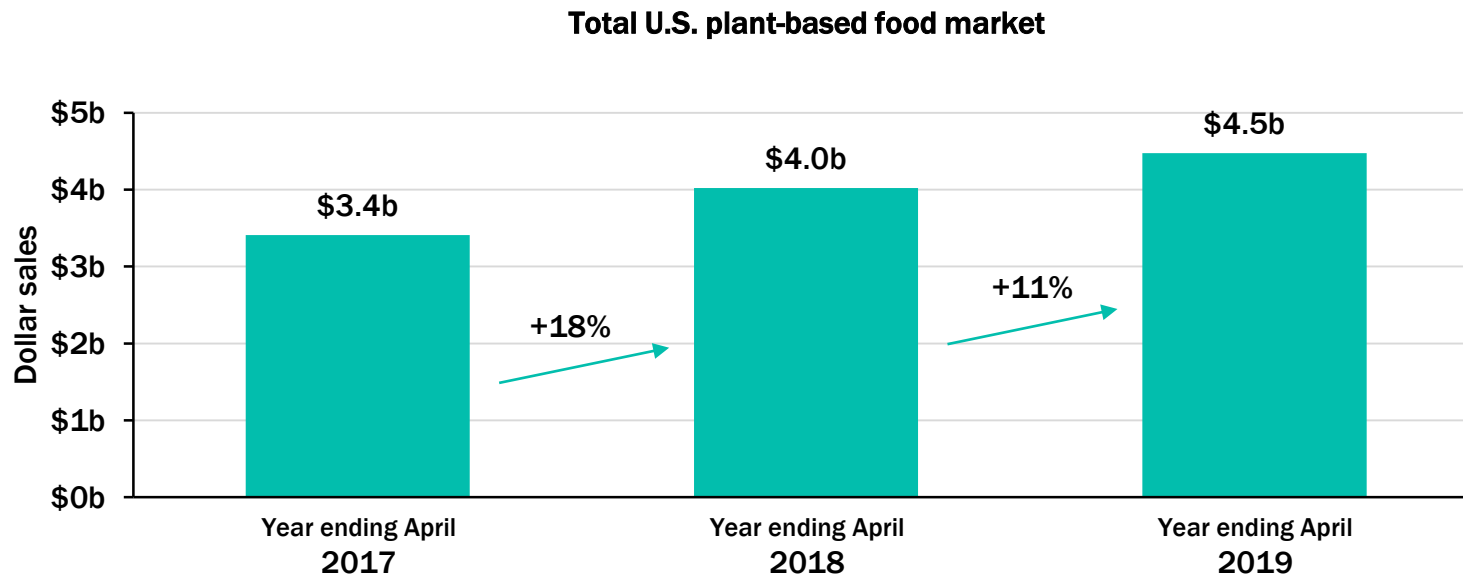


Other plant-based  
dairy

"Other plant-based dairy" includes:

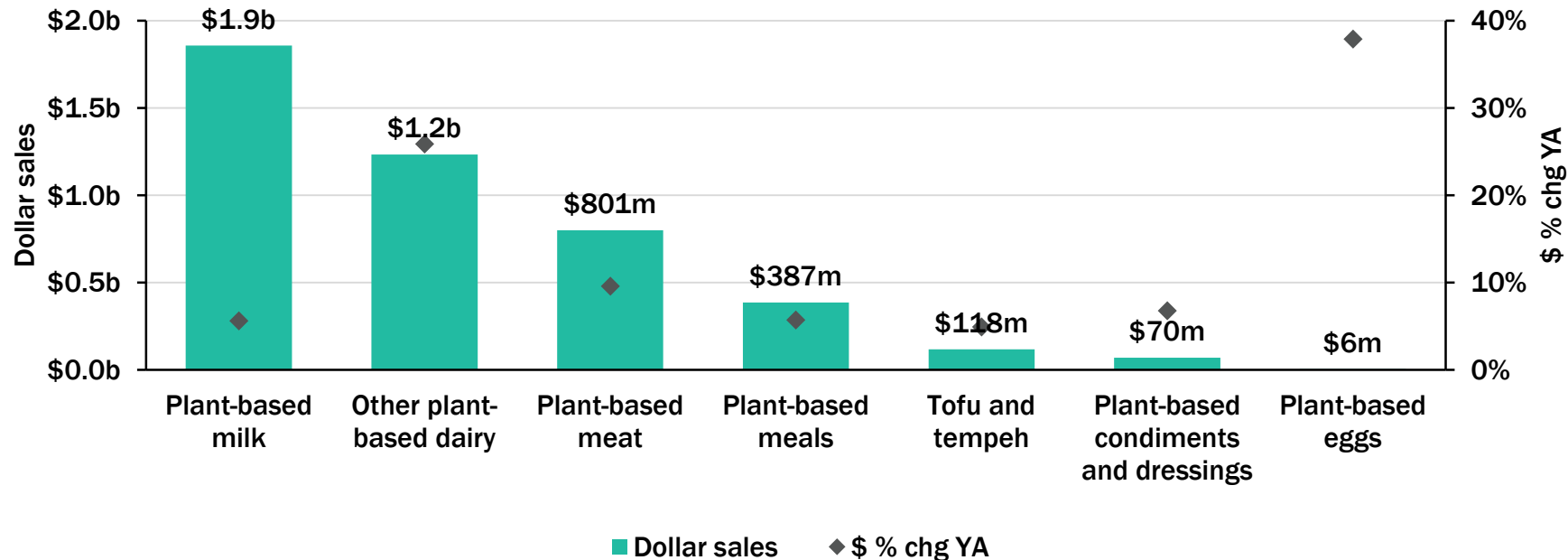
- Cheese
- Yogurt
- Ice cream and frozen novelty
- Butter
- Creamers
- Ready-to-drink beverages
- Dairy spreads, dips, sour cream, and sauces

# U.S. retail sales of plant-based food are worth \$4.5 billion



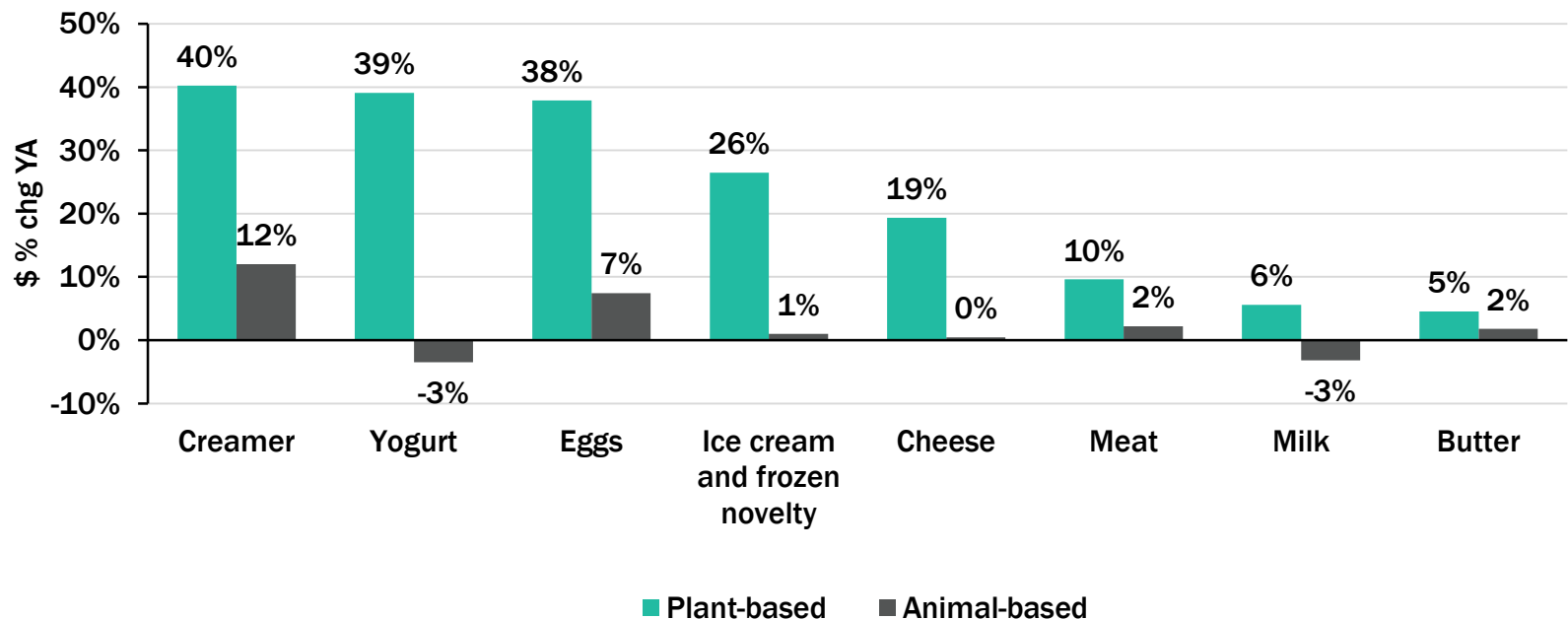
# Plant-based food sales by category; plant-based milk is the most developed at \$1.9 billion

Total U.S. plant-based food dollar sales and dollar sales growth by category  
Year ending April 2019



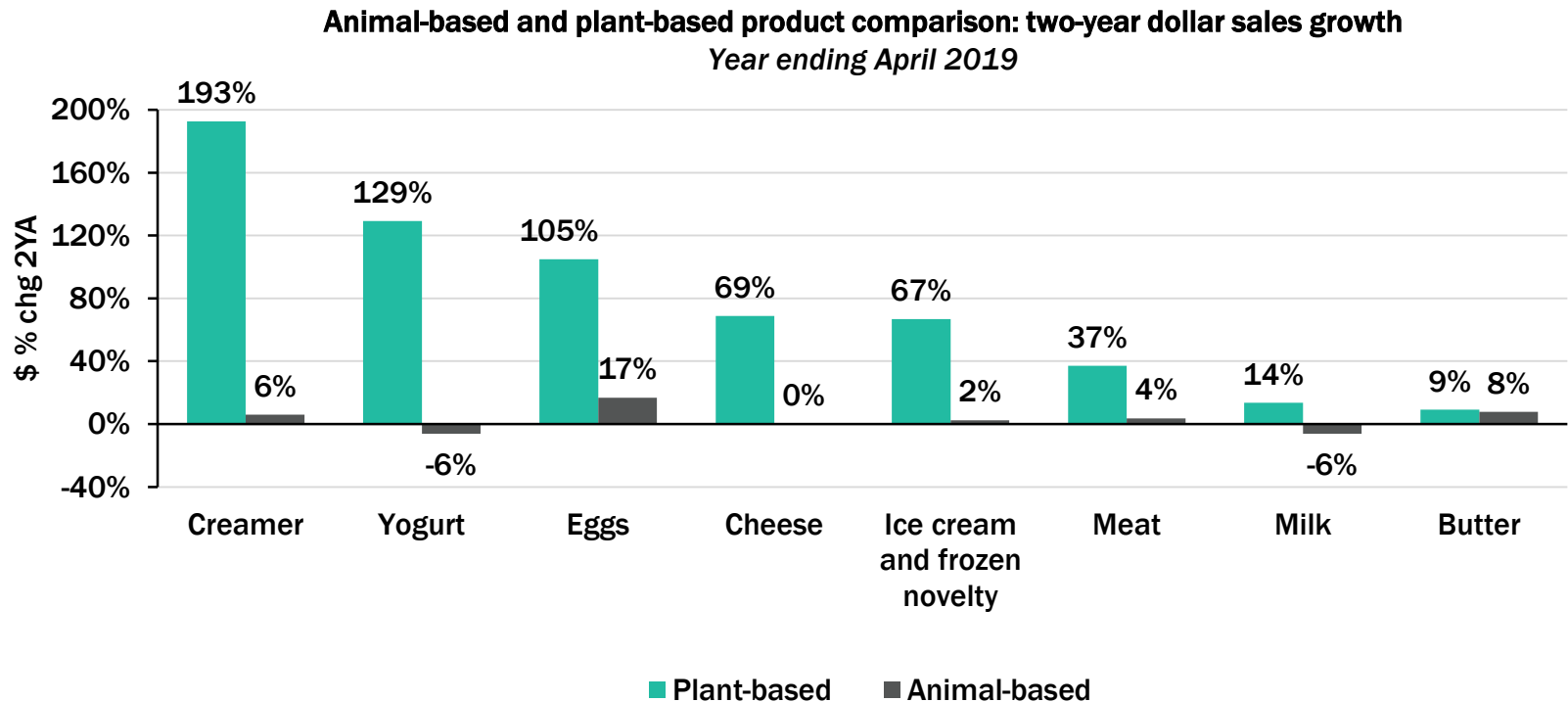
# Plant-based food sales growth outperforms animal-based food sales growth across key categories

Animal-based and plant-based product comparison: dollar sales growth  
Year ending April 2019



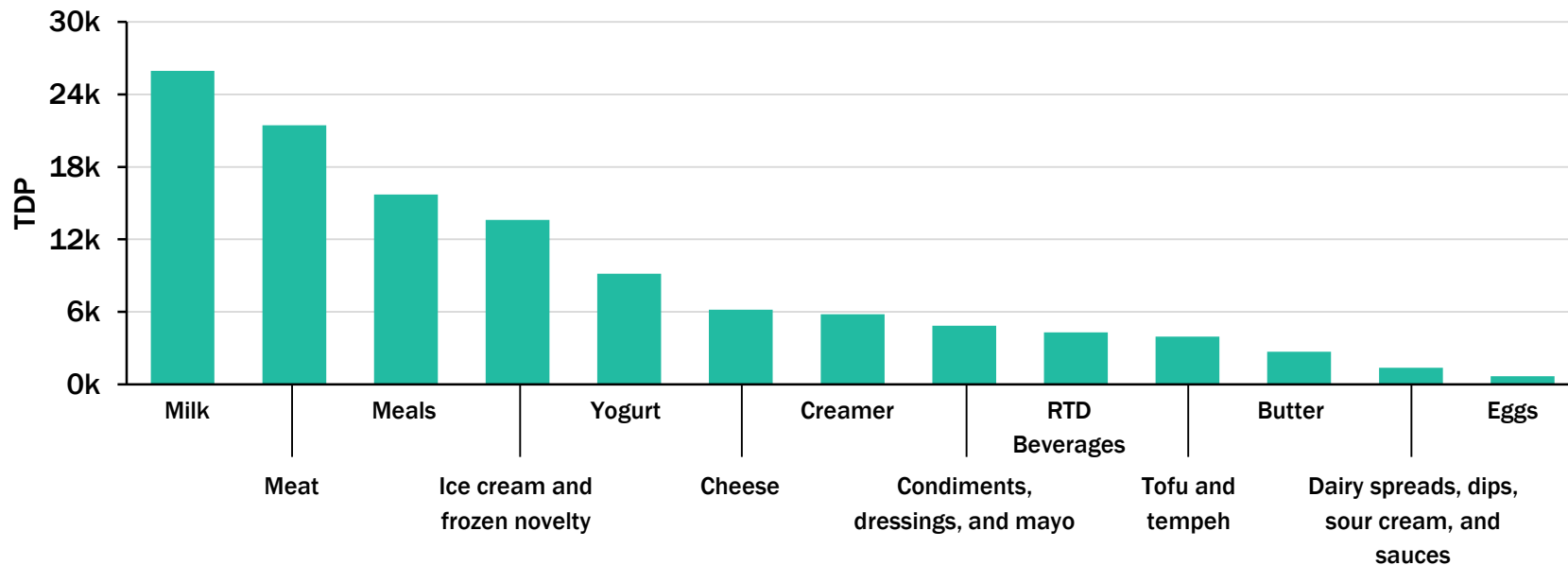


# The two year sales growth comparison shows a clear trend towards plant-based products



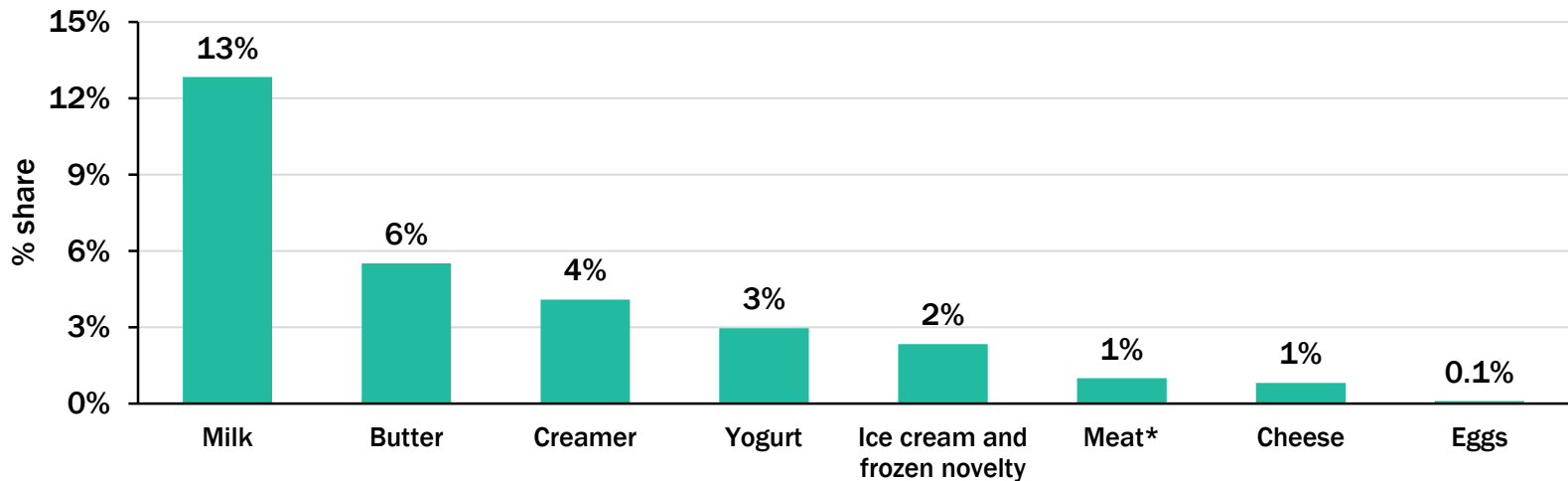
# Plant-based milk has the highest distribution, with room for growth across categories

Total distribution points by plant-based category  
Year ending April 2019



# Plant-based milk has the greatest share of total market; other dairy categories are gaining share

Plant-based share by category  
Year ending April 2019

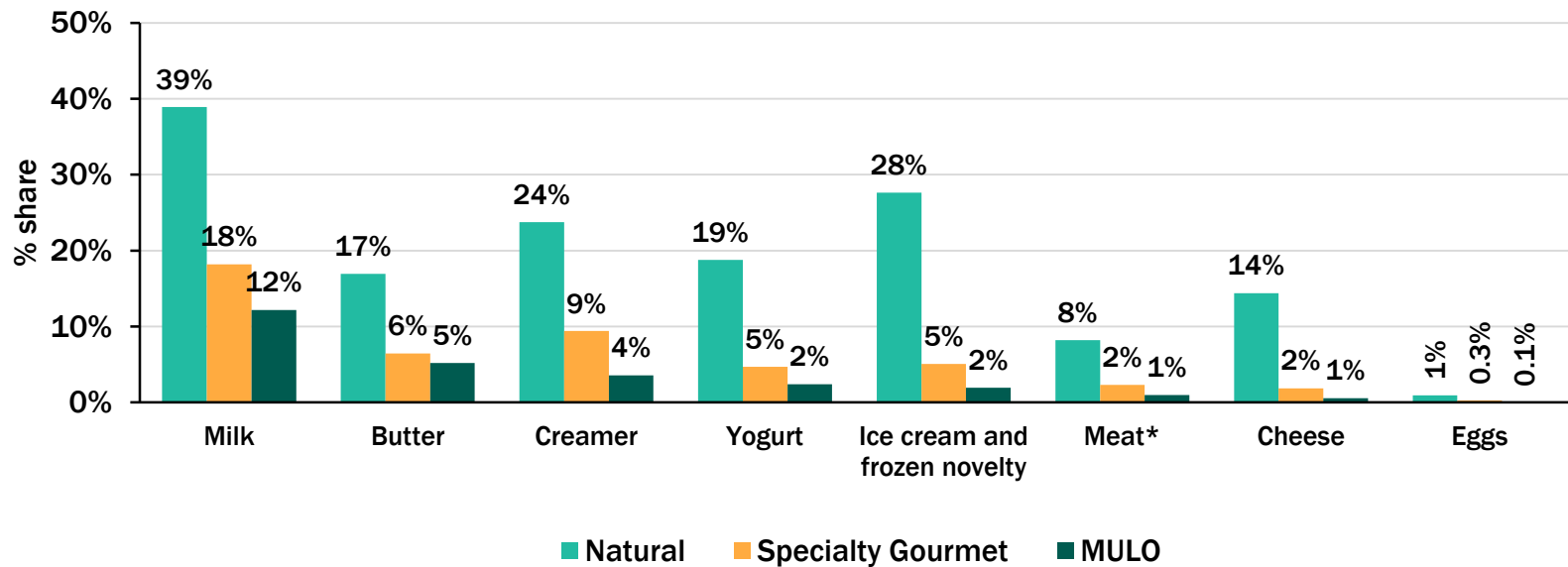


\*Plant-based meat share calculation includes estimated non-UPC meat counter sales to approximate total meat market value. SPINS does not report non-UPC meat counter sales, which industry guidance states are approximately 50% of all meat sales. Given that UPC meat sales are worth \$37 billion, total meat sales can be estimated at \$74 billion, making plant-based meat dollars sales worth 1% of the total meat market.

Source: SPINSscan Natural and Specialty Gourmet (proprietary), SPINSscan Conventional Multi Outlet (powered by IRI), 52 weeks ending 2019-Apr-21

# Plant-based foods have a larger share of their respective categories in the Natural channel

Plant-based share by category and channel  
Year ending April 2019

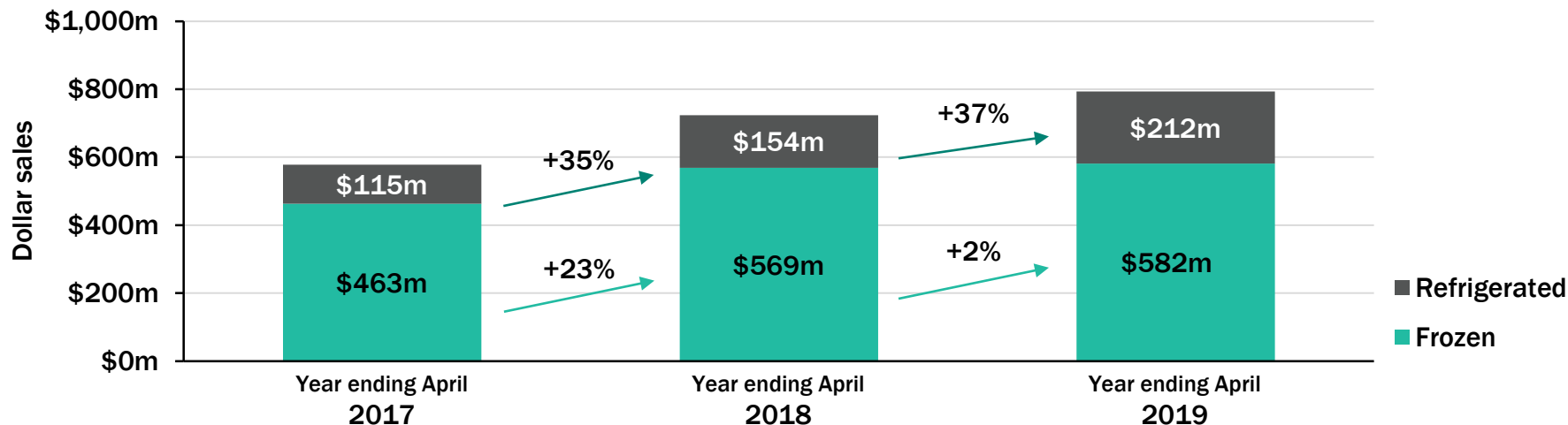


\*Plant-based meat share calculation includes estimated non-UPC meat counter sales to approximate total meat market value. SPINS does not report non-UPC meat counter sales, which industry guidance states are approximately 50% of all meat sales. Given that UPC meat sales are worth \$37 billion, total meat sales can be estimated at \$74 billion, making plant-based meat dollars sales worth 1% of the total meat market in MULO, 2% in Specialty, and 8% in Natural.

Source: SPINSscan Natural and Specialty Gourmet (proprietary), SPINSscan Conventional Multi Outlet (powered by IRI), 52 weeks ending 2019-Apr-21

# Plant-based meat is an \$800m category, with ~3/4 of sales from frozen, but refrigerated is growing at a much faster rate

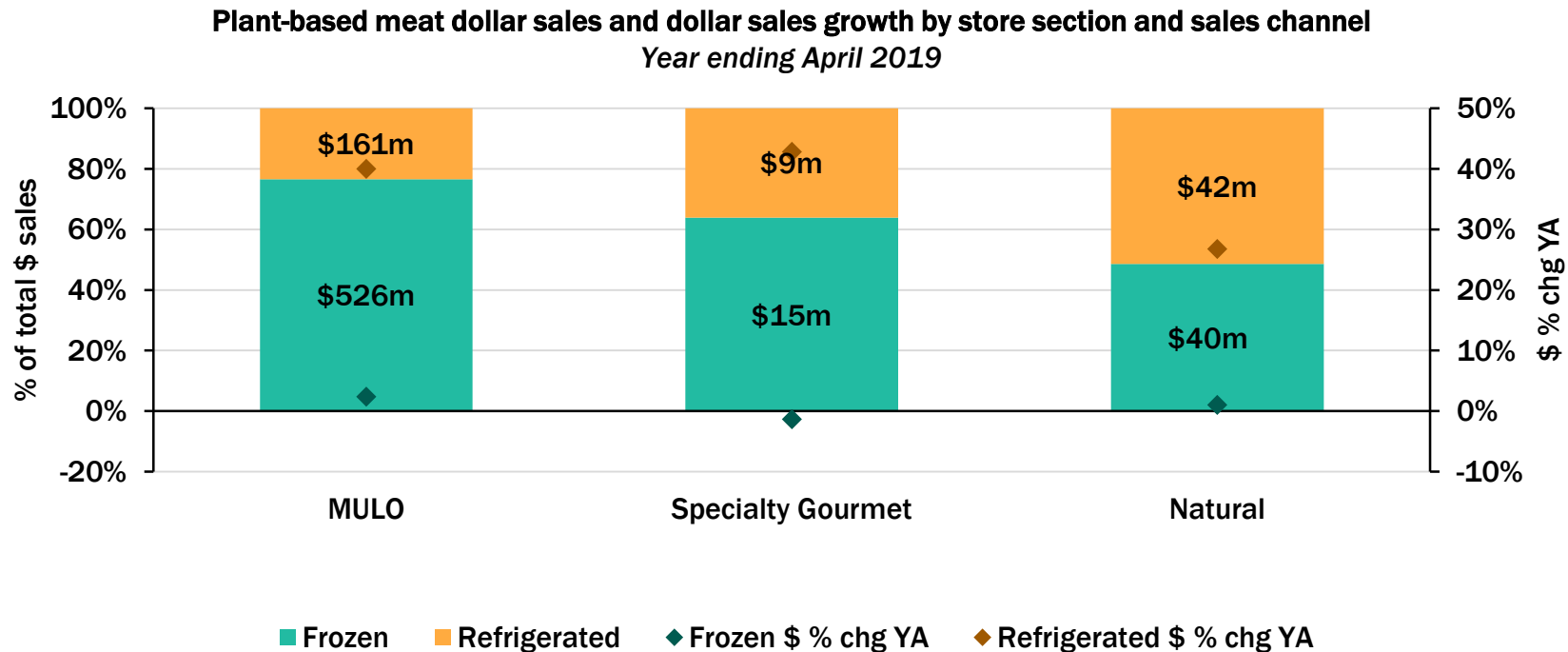
U.S. Plant-Based Meat Market by Frozen and Refrigerated Categories



Note: Shelf stable plant-based meat products excluded from this analysis

Source: SPINSScan Natural and Specialty Gourmet (proprietary), SPINSScan Conventional Multi Outlet (powered by IRI), 104 weeks ending 2019-Apr-21

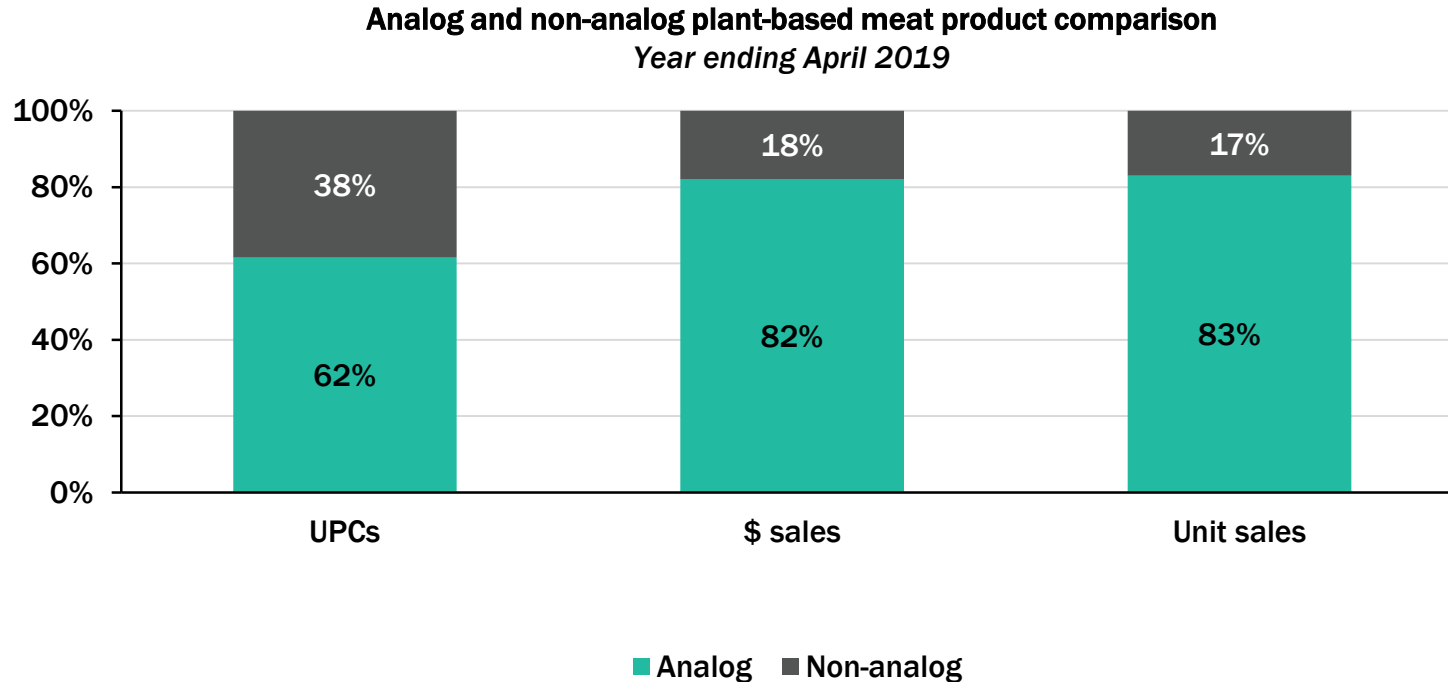
# A higher proportion of refrigerated plant-based meat is sold in the Natural channel



# Plant-based meat products vary in the degree to which they are analog or non-analog of animal-based meat

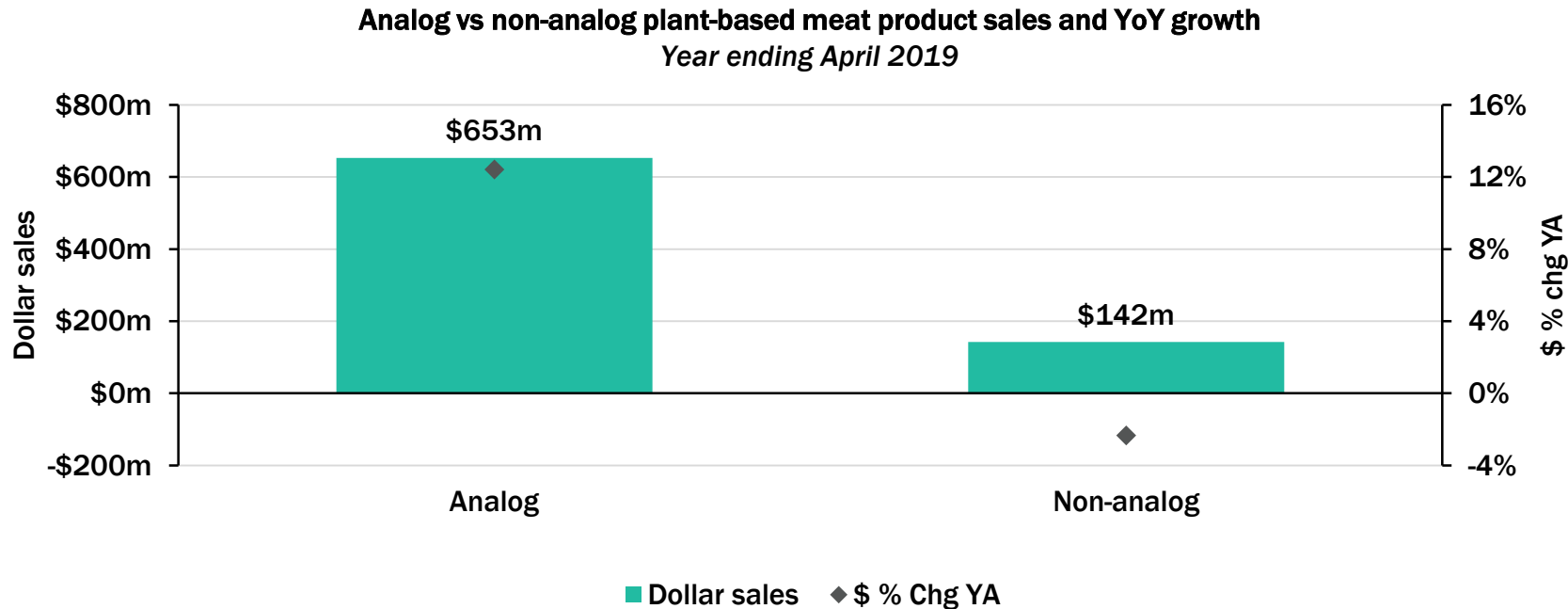


# Analog plant-based meat products make up ~60% of UPC's but ~80% of dollar sales



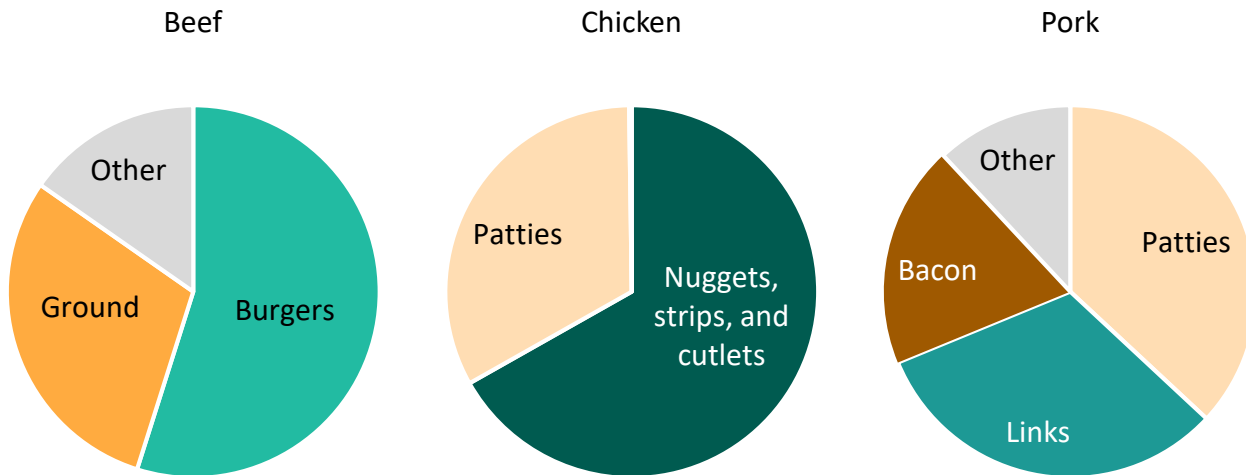


# Products that are analogous to meat are growing faster than non-analogs

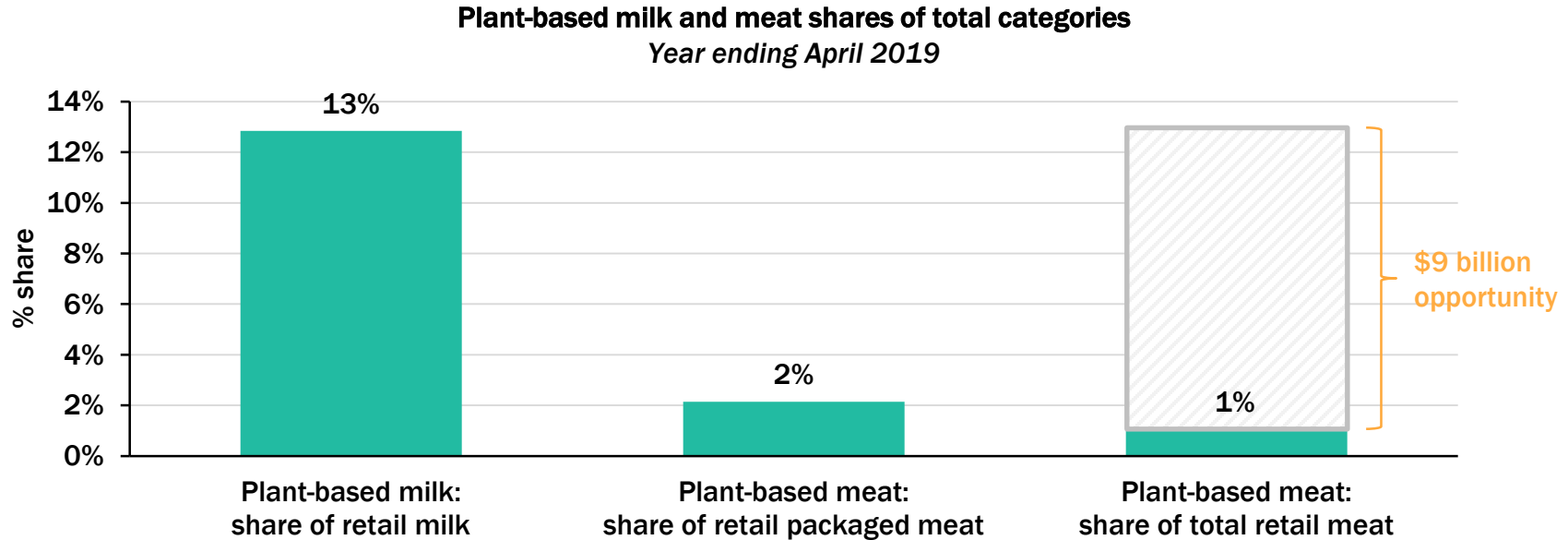


# Beef-type products are concentrated in burgers and grounds, chicken-type products in nuggets and patties

Plant-based meat animal type by product type dollar sales  
*Year ending April 2019*



# There is a \$9.6 billion opportunity for plant-based meat to reach market share parity with plant-based milk



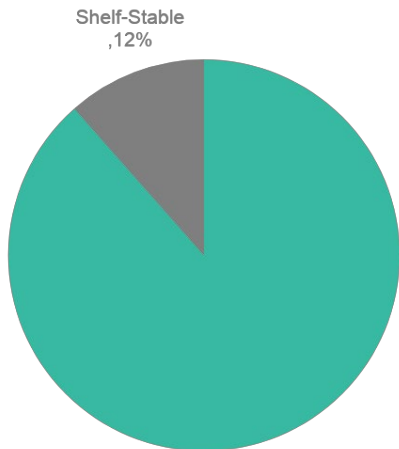
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# Marketing and merchandising strategies



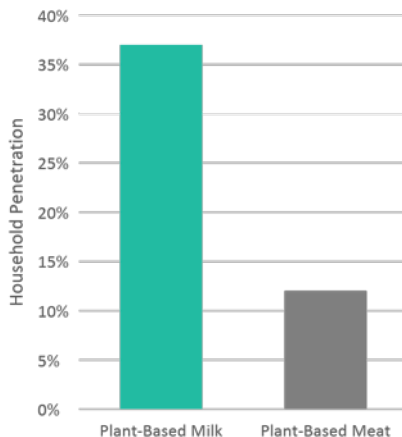
# Plant-based milk sales exploded upon introduction in the refrigerated case adjacent to conventional milk

**Plant-Based Milk Sales  
by Section**



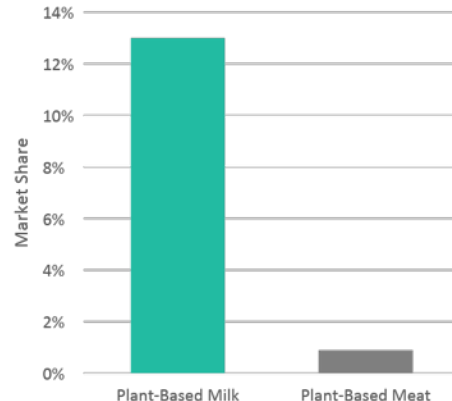
88% of plant-based milk sales  
are now from the refrigerated case

**Household Penetration:  
Plant-Based Milk & Plant-Based Meat**



Plant-based milk has 3x the household  
penetration of plant-based meat

**Market Share of Category:  
Plant-Based Milk & Plant-Based Meat**



Plant-based milk now accounts for  
13% share of the total milk market



# Most consumers shop the meat case when purchasing animal-based meat



Annual Meat Conference | The Power of Meat© 2019 | Bought from in the past 30 days

# And prefer to find plant-based meat within the meat department



41%

Meat dpt.



35%

Frozen aisle



24%

Produce dpt.

Annual Meat Conference | The Power of Meat© 2019 | Preferred customer location for plant-based meat alternatives



## **POLL: Where are you currently placing plant-based meat products?**

1. Meat department
2. Frozen aisle
3. Produce department

# Current shelving strategy

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# Future shelving strategy

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# Grocery stores in Western Europe already give plant-based meat a large portion of the meat case

16-36 linear feet within the meat case



Pictures: 210 Analytics

24



# Meat department → center-of-plate protein destination



# Plant-based meat sets are already being permanently integrated in the meat department in adjacent sets

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**And more plant-based dairy categories are being shelved  
adjacent to conventional dairy**



**Plant-based signage appeals to more consumers and will grow category penetration; pair with "protein" for increased PI**





## **POLL: Do you use “plant-based” signage in-store?**

1. Yes
2. No

# Use shelf talkers and shelf strips to help consumers locate plant-based items



**Integrate signage throughout the store and don't forget the meat counter; include education materials where possible**

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# Promote plant-based thematically across categories

**Weekly AD**

DEPARTMENTS HEALTHY LIVING RECIPES

**SPROUTS FARMERS MARKET**

Details

Organic Green Curly Kale **98¢** ea.

Red Cherries **\$3.98** lb.

Organic Gala Apples **\$2.98** ea. **2 LB. BAG**

**PLANT-BASED TASTES GREAT**

**35% OFF**  
MORE THAN 200 ITEMS FROM FEATURED BRANDS  
plus GET \$5 OFF WHEN YOU SPEND \$25 ON FEATURED BRANDS  
\*Valid on all items. \$25 min. purchase. Discount taken at register.

Featured brands: Silk, Oatmeal, Bear Naked, Loma, Vega, On the Border, Dr. Praeger's, So Delicious, Coconut Milk, Gordy's, Immune, and others.

**Plant-Based BOUNTIFUL BARGAINS**

**\$2.49**  
SAVE \$1.30  
VALID THRU 04/22/19

THEO CHOCOLATE ORG. BLOCK RICE QUINOA CRUNCH CHOCOLATE  
100% ST 273384 12 CS \$1.26  
009-74492-00082 12 \$3.79  
4/9/19

**SPROUTS FARMERS MARKET**

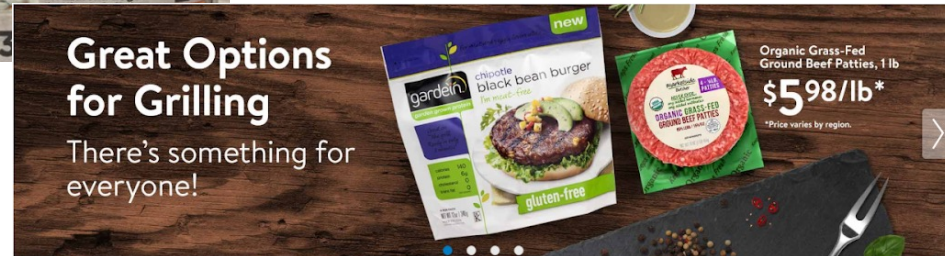
**PLANT-BASED TASTES GREAT!!**

**35% OFF**  
MORE THAN 200 ITEMS FROM FEATURED BRANDS

**plus, GET \$5 OFF WHEN YOU SPEND \$25 ON THESE BRANDS**  
\*Valid on a minimum \$25 purchase. Discount taken at register.

Featured brands: On the Border, Silk, Kashit, Bear Naked, Loma, Vega, and others.

# Integrate plant-based meat in meat department ads and in BBQ/grilling promotions





# Feature plant-based foods in wellness programs



# Key Takeaways

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- The shift to plant-based foods is here to stay as the majority of consumers report wanting to reduce their meat consumption and increase their consumption of plant-based foods.
- Plant-based shoppers are valuable, spending 61% more than the average shopper.
- Millennials are highly engaged with the plant-based meat category.
- Plant-based foods are worth \$4.5 billion and are driving growth at retail, up 5x more than total store sales.
- Plant-based meat is an \$800 million category and has significant potential for growth through increased category penetration, which can be driven by shelf placement adjacent to conventional meat.
- “Plant-based” terminology in signage and marketing materials appeals to more consumers and can help them easily locate plant-based products, which are often higher ring items.
- Plant-based foods should be marketed both across categories in thematic events and within department specific ads. They are also a natural fit for inclusion in wellness programs.

# Contact Us

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# Plant-Based Foods:

## Insights into Innovations, Growth and Shopper Trends

### The Surge of Plant-Based Foods

**TUESDAY, NOVEMBER 19, 2019**

(2:00 PM EST / 1:00 PM CST / 11:00 AM PST)

Participants should attend this webinar to gain insights into:

- The plant-based market size.
- Plant-based sales by key categories and growth rates.
- Core brands winning in plant-based foods.
- Innovation that is contributing to growth and what's on the horizon.

<https://www.fmi.org/forms/meeting/Microsite/2019plantbased2>

### Understanding the Plant-Based Food Consumer

**THURSDAY, JANUARY 16, 2020**

(2:00 PM EST / 1:00 PM CST / 11:00 AM PST)

Participants should attend this webinar to gain insights into:

- Plant-based consumer demographic & purchase trends.
- What's working for plant-based products?
  - How are these products perceived and used by buyers?
  - What are the advantages and disadvantages?
  - How do demographics and household composition affect perceptions and usage?
- Key product purchase considerations.

<https://www.fmi.org/forms/meeting/Microsite/2019plantbased4>