MEAT SUBSTITUTES – UK – 2023

Sales continued to fall steeply in 2023. Highlighting sustainable credentials and clean-label positioning will be opportunity areas for the category moving forward.

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Meat Substitutes - UK - 2023

This report looks at the following areas:

- The impact of the rising cost of living on the meat substitute market, including sharp volume declines in both the chilled and frozen segments
- Key trends in recent launch activity and future opportunities
- Meat eating habits and usage of meat substitute products
- Factors that would encourage consumers to buy meat substitute products, including low price and better-for-you attributes
- Consumer behaviours and attitudes related to meat substitute products, including opportunities to allay concerns around processing, as well as showcasing better-for-you attributes and the environmental benefits of category.

> Sales continued to fall steeply in 2023. Highlighting sustainable credentials and clean-label positioning will be opportunity areas for the category moving forward.

Overview

The income squeeze has continued to exert pressure on the meat substitute market, with sales falling steeply in 2023. The relative affordability of processed meat and of vegetables and legumes compared to meat substitutes will have curbed the appeal of meat substitutes. With slow real income growth expected in 2024, volume sales are predicted to remain flat as consumers continue to economise on their grocery expenditure.

Should the public spotlight on ultra-processed foods intensify, it stands to pose headwinds for the category, as many consumers think 'faux meat' products are heavily processed. With a renewed focus on health predicted, brands will face a growing need to effectively showcase their clean-label qualities and let consumers 'behind the scenes' of the manufacturing process, in cases where the reality proves reassuring.

With concerns surrounding sustainability expected to become more front of mind as the income squeeze eases, there is an opportunity for brands to win favour by showing the environmental benefits of buying meat substitutes versus meat. This should appeal to users and has the potential to bring more non-users into the category, given consumer interest, supporting volume sales.

Report Content

Key issues covered in this Report

- Overview

EXECUTIVE SUMMARY

Opportunities for the meat substitute market

- Better-for-you attributes hold wide appeal
- Showcase tangible environmental benefits of choosing meat substitutes
- Allay consumer concerns around processing

Market dynamics and outlook

- The five-year outlook for meat substitutes
- Another year of decline for meat substitute market

  - Graph 1: retail value and volume sales of meat substitutes, 2019-23
- Meat substitute sales to recover slowly
- Volume growth to regain momentum from 2026
- Double-digit declines across frozen and chilled segments

  - Graph 2: retail value sales of meat substitutes, by segment, 2021-23
- This enjoys growth in the chilled segment

  - Graph 3: leading brands' sales of sales and shares of chilled meat substitutes retail market, by value, 2020/21-22/23
- Richmond bucks overall trend of decline in frozen aisle

  - Graph 4: leading brands' sales of sales and shares of frozen meat substitutes retail market, by value, 2020/21-22/23

Key market drivers

- Flexitarian trend firmly mainstream, sustainability predicted to become a higher priority
- Interest in healthy eating to strengthen in the long term

What consumers want and why

- Flexitarian trend firmly mainstream

  - Graph 5: meat eating habits, 2018-23
- A range of benefits is associated with eating less meat

  - Graph 6: benefits associated with eating less meat, 2020-23
- Meat substitutes on the menu for half of adults

  - Graph 7: types of meat substitutes eaten in the last six months, 2023
- Meat substitutes are on the weekly menu for many

  - Graph 8: frequency of eating meat substitutes, 2021*, 2022** and 2023***

- Price remains a key barrier, better-for-you attributes hold wide appeal
  - Graph 9: factors that would encourage buying of meat substitutes, 2023
- Most people expect meat substitutes to be healthier than meat-based counterparts
  - Graph 10: behaviours related to meat substitutes, 2023
- Half of meat eaters say knowing more about the environmental impact of switching would sway them
  - Graph 11: "Knowing more about the environmental impact of switching from meat to meat substitutes would encourage me to do so", by meat substitutes usage, 2023
- Half the nation see 'faux meat' as heavily processed
  - Graph 12: attitudes towards meat substitutes, 2023

Innovation and marketing

- Meat substitutes lose share of processed protein launches
  - Graph 13: share of new launches in processed fish, meat & egg products, by subcategory, 2019-23
- New players enter the meat substitute market
- Heinz extends plant-based offering, FrieslandCampina moves into UK market
- Adspend jumps in 2022, Quorn enjoys highest adspend for 2023

MARKET DYNAMICS

Market size

- Meat substitute sales continue to decline
  - Graph 14: retail value and volume sales of meat substitutes, 2019-23
- The income squeeze has taken its toll on the market

Market forecast

- Meat substitute sales to recover slowly
- Modest volume growth ahead
- Flat volumes forecast for 2024
- Current young cohorts' familiarity with meat substitutes will support long-term uptake
- Learnings from the last income squeeze

Market segmentation

- Both chilled and frozen see double-digit volume declines
  - Graph 15: retail value and volume sales of meat substitutes, by major segment, 2021-23
- Tofu and centre-plate non-breaded buck value decline in chilled
  - Graph 16: retail value sales of chilled meat substitutes, by sub-segment, 2021-23
- Chilled sausages continue steep decline
- Centre-plate breaded products gain share in frozen
  - Graph 17: retail value sales of frozen meat substitutes, by sub-segment, 2021-23

Market share

- Quorn retains top position in the chilled segment
  - Graph 18: leading brands' sales of sales and shares of chilled meat substitutes retail market, by value, 2020/21-2022/23
- This and Tofoo post growth in the chilled segment
- Quorn extends its lead in frozen
  - Graph 19: leading brands' sales of sales and shares of frozen meat substitutes retail market, by value, 2020/21-2022/23
- Richmond bucks overall trend of decline in frozen aisle

Macro-economic factors

- The UK has avoided recession, but economic output has stagnated since the cost of living crisis began
  - Graph 20: GDP, 2021-23
- Inflation is still the key factor affecting consumers' finances
  - Graph 21: CPI inflation rate, 2021-23
- Interest rates will rise in importance over the remainder of 2023 and into 2024
- Food and drink prices still top the list of consumer concerns
  - Graph 22: "Have you been affected by any of these issues over the last two months? Please select all that apply.", 2023
- Price of meat substitutes remains a barrier
- Consumer sentiment: the recovery is continuing…
  - Graph 23: the financial wellbeing index, 2016-23
- …and people feel more confident about their financial prospects
  - Graph 24: the financial confidence index, 2016-23

Social, environmental and legal factors

- Flexitarian trend firmly mainstream
  - Graph 25: meat eating habits, 2018-23
- Sustainability predicted to be a higher priority going forward
- Sustainability is a key objective of National Food Strategy
- Strong consumer interest in healthy eating
  - Graph 26: how often people try to eat healthily, 2018-22
- Media spotlight on ultra-processed foods
- Salt reduction remains on the agenda

WHAT CONSUMERS WANT AND WHY

Meat eating habits

- Flexitarian trend firmly mainstream
  - Graph 27: meat eating habits, 2018-2023
- Half of 16-34s have reduced or shun meat

- Graph 28: meat eating habits, by age, 2023

Benefits associated with eating less meat

- The money-saving and environmental associations of meat reduction slump
  - Graph 29: benefits associated with eating less meat, 2020-23
- Meat reduction is widely associated with saving money
- The green connotations of meat reduction fall further
- Potential for messages of environmental benefits to chime
  - Graph 30: meat eating habits by perceptions that eating less meat is better for the environment, 2023

Usage of meat substitutes

- Meat reduction remains key usage driver
  - Graph 31: meat substitutes usage in the last six months, by meat eating habits, 2023
- Younger demographics most engaged with category
  - Graph 32: meat substitutes usage in the last six months, by age, 2023
- Sausages, ingredients and burgers are most popular types of meat substitutes
  - Graph 33: types of meat substitutes eaten in the last six months, 2023

Frequency of eating meat substitutes

- Meat substitutes are on the weekly menu for three in five users
  - Graph 34: frequency of eating meat substitutes, 2021-23
- Meat avoiders and reducers are most frequent users
  - Graph 35: frequency of eating meat substitutes, by meat eating, 2023

Factors that would encourage buying of meat substitutes

- Price remains a key barrier
  - Graph 36: factors that would encourage buying of meat substitutes, 2023
- Low price would tempt a quarter of non-buyers
  - Graph 37: factors that would encourage buying meat substitutes, by meat substitutes buying, 2023
- Better-for-you attributes hold potential
- Better-for-you attributes hold wide appeal
- Environmentally-friendly claims score low as reason to purchase

Behaviours related to meat substitutes

- Most people expect meat substitutes to be healthier than meat-based counterparts
  - Graph 38: behaviours related to meat substitutes, 2023
- Meat substitutes face high expectations of healthiness
  - Graph 39: meat reduction and expectation that meat substitutes are healthier than meat-based alternative, by associating meat reduction with health benefits, 2023
- High-protein claims remain sought after

- Graph 40: factors that would encourage buying of meat substitutes among those who expect meat substitutes to be healthier than their meat-based counterparts, 2023

- Prevalence of high-protein claims limits their standout
  - Graph 41: selected nutritional claims in new product launches in meat substitutes, 2019-23
- Front-of-pack protein call-outs
- Cater to consumers looking for low saturated fat and source of fibre claims
- Source of fibre claims offer a USP for meat substitutes over meat
- Highlight environmental benefits of meat substitutes
- Half of meat eaters say knowing more about the environmental impact of switching would sway them
  - Graph 42: "Knowing more about the environmental impact of switching from meat to meat substitutes would encourage me to do so", by meat substitutes usage and age, 2023
- Government's eco-label plan should benefit meat substitutes
- Communicate environmental benefits of choosing meat substitutes

Attitudes towards meat substitutes

- Half the nation see 'faux meat' as heavily processed
  - Graph 43: attitudes towards meat substitutes, 2023
- Allay consumers concerns around processing
- Over half see products that mimic meat as heavily processed
- Clean label positioning offers scope to combat processed image
- Showcase manufacturing process to ease consumer concerns
- Natural and traditional proposition offers potential for 'ancient' products to set themselves apart
- Veg-/pulse-led options continue to warrant attention...
  - Graph 44: agreement that meat substitutes that don't try to mimic meat (eg bean burgers) are more appealing than those that do, by meat substitutes usage, 2023
- ...boding well for grocers' 'veg-led' push
- Various products offer inspiration for showcasing vegetable content front-of-pack
- Opportunity to improve meat substitute eating experience with animal ingredients
- International launches offer cues on spotlighting cheese

INNOVATION AND MARKETING TRENDS

Launch activity and innovation

- Meat substitutes lose share of processed protein launches
  - Graph 45: share of new launches in processed fish, meat & egg products, by subcategory, 2019-23
- Brands continue to dominate launches
  - Graph 46: share of new launches in the meat substitutes market, by branded versus own-label, 2019-23
- ASDA launches two new plant-based ranges, Holland & Barrett extend food portfolio
- New players enter the meat substitute market

- Heinz extends range with Beanz Nuggetz
- FrieslandCampina moves into UK meat substitute market
- Happiee! secures retail listing, Squeaky Bean moves into fish alternatives
- Juicy Marbles and Heura secure Waitrose listings
- VFC acquires Meatless Farm and expands range
- Quorn and Moving Mountains extend retail offering

Advertising and marketing activity

- Adspend jumps in 2022
  - Graph 47: total above-the-line, online display and direct mail advertising expenditure on meat substitutes*, 2020-23
- Birds Eye continues "Welcome to the Plant Age" campaign
- Quorn steps up adspend in 2023
- Meatless Farm challenges government to #MakeCOPMatter
- Linda McCartney Foods debuts new burger at Paris fashion show, Heinz supports new nuggets
- Heinz' "unBEANlievable" campaign
- This brand's first TV advert features taste test with food critic
- La Vie encourages consumers to 'break up' with meat

APPENDIX

Supplementary data: launch activity and innovation

- Share of new launches in the meat substitutes market, by claim 2019-23
  - Graph 48: share of new launches in the meat substitutes market, by selected claims, 2019-23

Supplementary data: advertising and marketing activity

- Total above-the line, online display, direct mail advertising expenditure on meat substitutes, by advertiser, 2020-23

Market segmentation

- UK: retail value and volume sales of meat substitutes, by segment, 2021-23
- UK: retail value sales of chilled meat substitutes, by sub-segment, 2021-23
- UK: retail volume sales of chilled meat substitutes, by sub-segment, 2021-23
- UK: retail value sales of frozen meat substitutes, by sub-segment, 2021-23
- UK: retail volume sales of frozen meat substitutes, by sub-segment, 2021-23

Market share

- UK: leading brands' sales of sales and shares of chilled meat substitutes retail market, by value, 2020/21-2022/23
- UK: leading brands' sales of sales and shares of chilled meat substitutes retail market, by volume, 2020/21-2022/23
- UK: leading brands' sales and shares in the UK frozen meat substitutes retail market, by value, 2020/21-2022/23
- UK: leading brands' sales and shares in the UK frozen meat substitutes retail market, by volume, 2020/21-2022/23

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