

CONSUMER



Plant-based Alternatives are Poised for Growth

Lincoln International was pleased to host the [Plant-based Potential: The Rapid Rise of Alternative Foods and Growth Opportunities Ahead](#) panel at the [Food & Drink Expo](#) in Birmingham, UK. During the panel, industry experts revealed key plant-based food trends. In the below perspective, we outline select key takeaways and insights on the market.

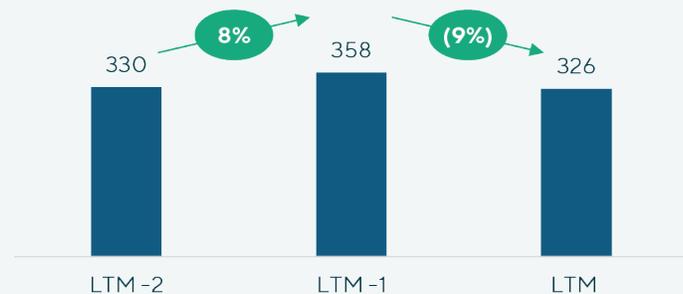
Select Plant-based Food Trends

Present and Future Performance

Like many other industries, the plant-based food market is underperforming due to several underlying macro factors. Retail performance has declined since COVID-19 lockdowns as customers are eating out more with less opportunity to explore new foods at home. Similarly, as the market boomed during COVID-19, the high influx of low-quality plant-based alternatives has deterred repeat purchases. More recently, factors like inflation magnified by the Ukraine conflict have played a role in the market's decline.

After growth in 2020 and 2021, sales in chilled meat substitutes declined in 2022

(UK, £m)



Source: NIQ data to 25 March 2023

Consumption of meat ex. poultry is in decline (although moderate RSV growth)

(12w year on year change, %)

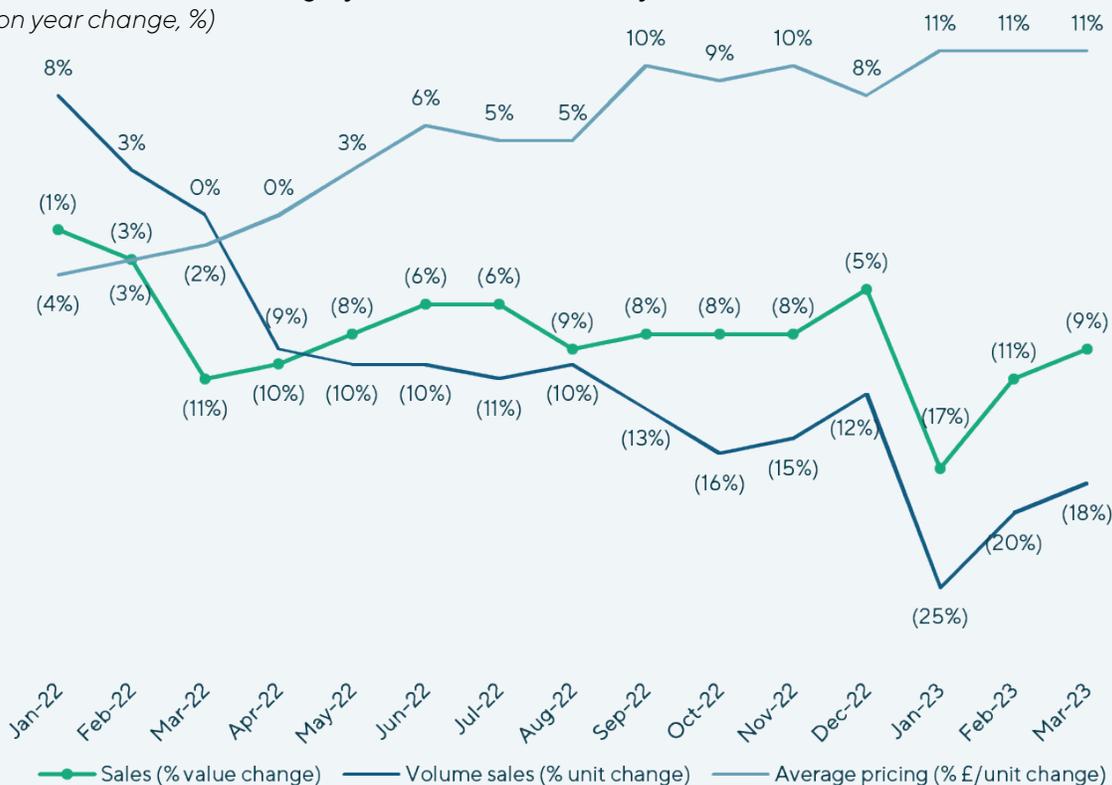
	Sales	Volume	Avg. price
Beef	+8.0%	(2.4%)	+10.7%
Lamb	(2.4%)	(9.2%)	+7.5%
Pork	+8.6%	(3.5%)	+12.5%

Source: Agriculture and Horticulture Development Board

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Sales in the chilled meat-free category declined 9% in the last year

(4w year on year change, %)

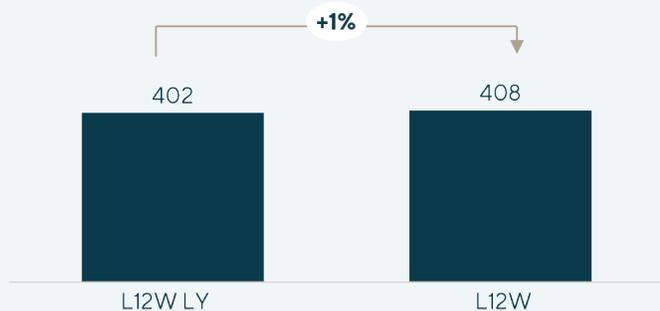


Source: NIQ data to 25 March 2023

However, there have been upsides and performance is mixed by brand with some select players still seeing growth as they are standing out to consumers due to improved taste, quality and a strong consumer menage. These tend to be brands that resonate with consumers as well as those brands delivering high-quality products.

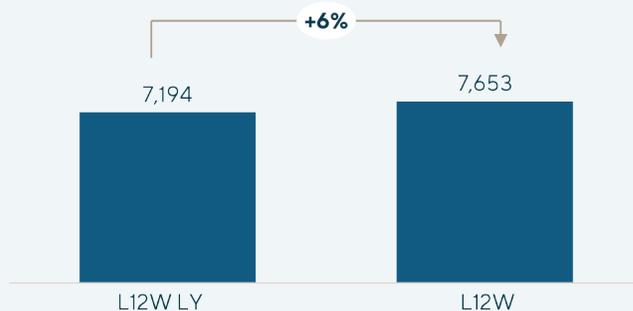
Live SKUs

(L12W vs prior year)



Total Distribution Points

(L12W vs prior year)

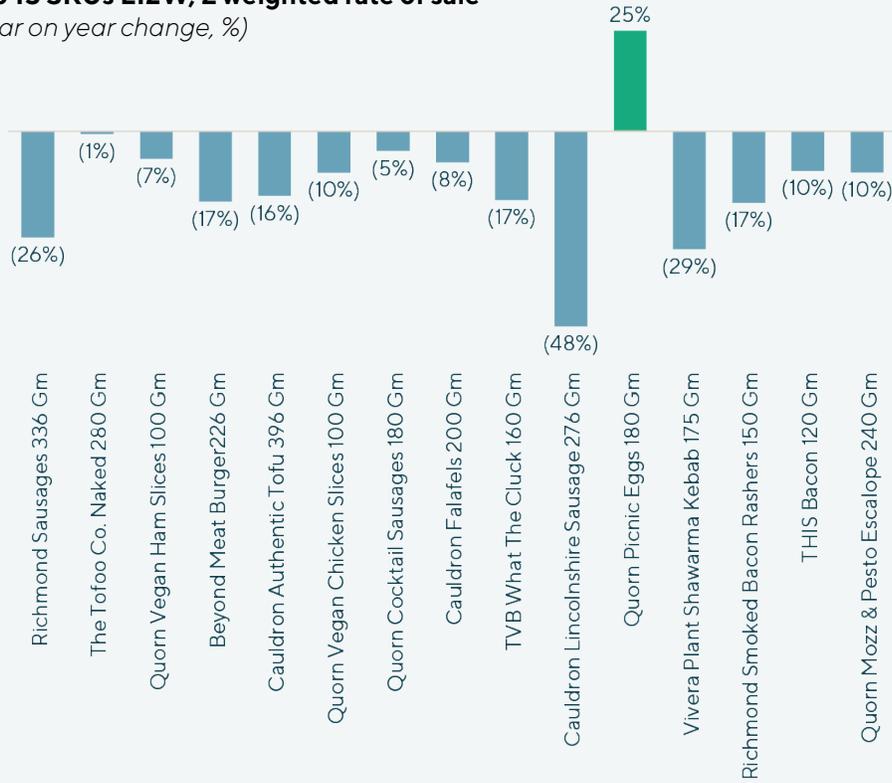


Note: Live SKUs refers to any SKU with positive sales in last 12 weeks

Source: NIQ data to 25 March 2023

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Top 15 SKUs L12W, £ weighted rate of sale
(year on year change, %)



UK market landscape for chilled meat substitutes and format types

Source: Nielsen NIQ 52 w/e 26 March 2023

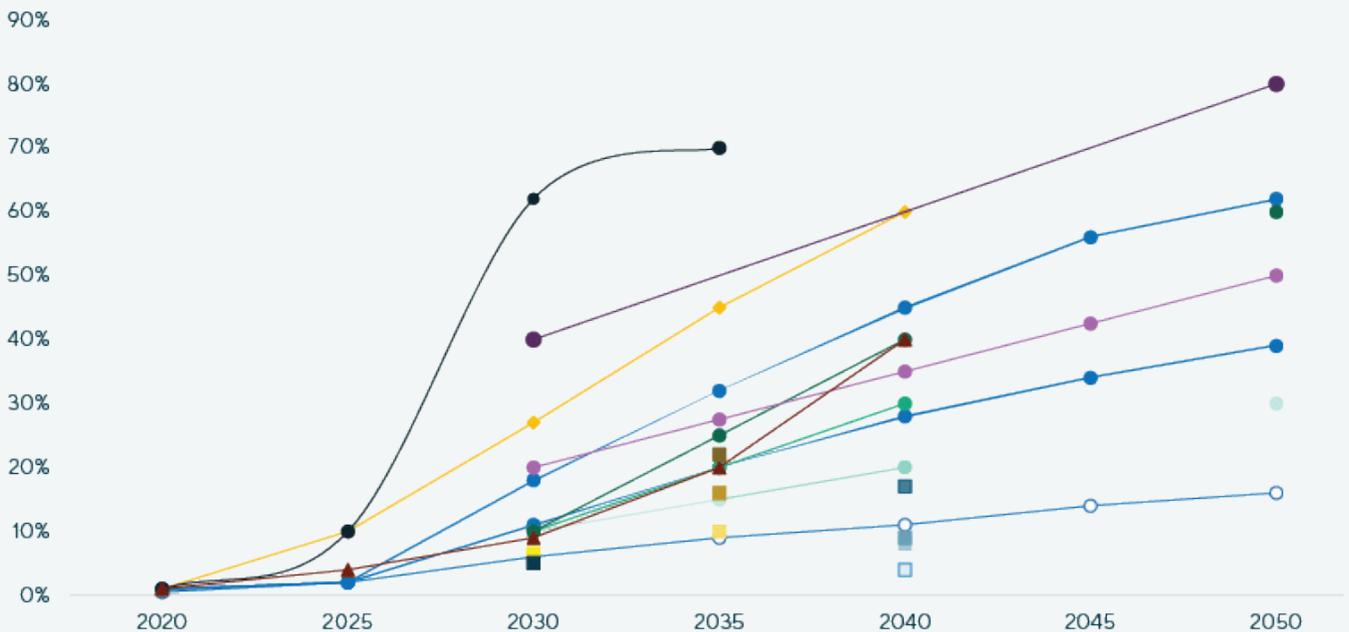
	LTM sales (£, '000)	YoY change (%)	
		Sales	Mkt. share
	78,528	(3.3%)	1.4ppts.
	30,475	3.9%	1.1ppts.
	28,531	(6.7%)	0.2ppts.
	22,502	0.0%	0.6ppts.
	13,006	11.2%	0.7ppts.
	11,596	(28.1%)	(1.0ppts.)
	10,455	10.5%	0.6ppts.
	9,944	3.1%	0.4ppts.
	9,524	11.6%	0.5ppts.
	6,307	(20.3%)	(0.3ppts.)
	5,305	(21.8%)	(0.3ppts.)
	5,162	11.8%	0.3ppts.

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Despite current mixed performance, [according to a range of sources](#), alternative proteins are forecasted to take a significant share of meat substitution by 2050 – from 15% to 80% – and will lead to significant growth in the plant-based food market over the coming years, primarily driven by the long-term sustainability issues caused by meat consumption.

Alternative proteins; forecasts range from 15% to 80% meat substitution

(global market share of alternative protein)



Consumers

Vegetarians and vegans by definition are already consuming plant-based diets. The growth in plant-based consumption will be driven by flexitarians and meat eaters looking to make alternative choices. Additionally, [according to Nielsen Homescan](#), the majority of consumers that spend on plant-based alternatives are part of wealthier, smaller and older households. Given that they are not as restricted by their diet, or spending power, these consumers are more easily influenced away from meat purchases. For the plant-based alternative market to continue on its projected growth trajectory, i) attracting a wider consumer base and ii) increasing the frequency of meat substitution will be the keys to success.

New Alternatives

Lab-grown or cultured meat is currently in the early stages of development, however, how consumers will respond, the overall cost of production as well as the environmental impact remain of question.

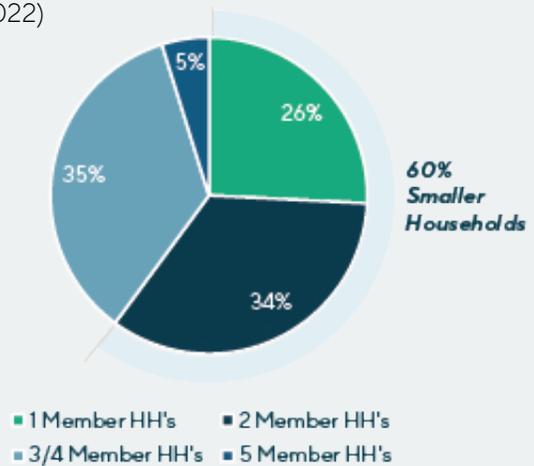
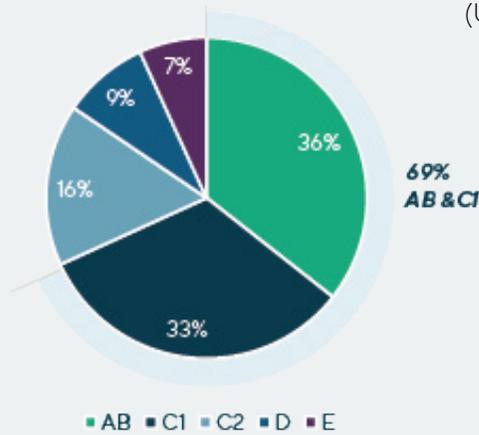
- FAIRR (Low)
- FAIRR (Medium)
- FAIRR (High)
- ◆ AT Kearny
- Barclays (Bear)
- Barclays (Base)
- Barclays (Bull)
- RethinkX
- Credit Suisse (Base)
- Credit Suisse (Blue sky)
- ▲ EY Parthenon
- BCG (Base)
- BCG (Downside)
- BCG (Upside 1)
- BCG (Upside 2)
- Jefferies (Bear)
- Jefferies (Low)
- Jefferies (Base)
- Jefferies (Bull)
- UBS

Source: Synthesis Capital

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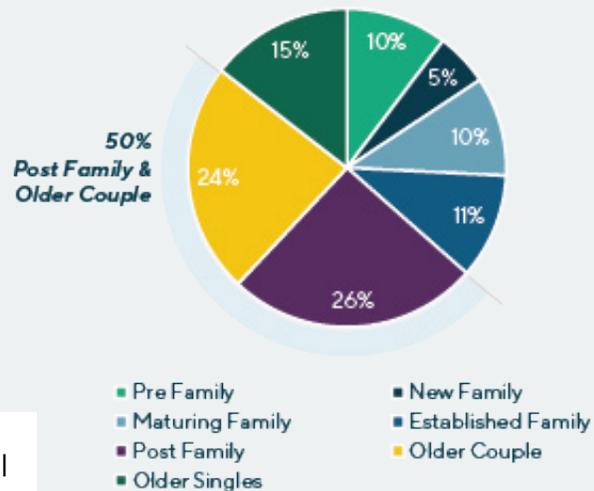
Share of meat-free spend by category

(UK, LTM w/e 5th Nov 2022)



- AB:** Higher & intermediate managerial, administrative, professional occupations
- C1:** Supervisory, clerical and junior managerial, administrative or professional
- C2:** Skilled manual workers
- D:** Semi and unskilled manual workers
- E:** State pensioners, casual or lowest grade workers, unemployed with state benefits only

Source: Nielsen Homescan



The food sector does account for one-third of all global emissions so lab-grown alternatives do have a real impetus for climate change. In the short term, owing to slow technological development, it is more likely that this option will be used as a flavoring or ingredient in current plant-based foods before any widespread adoption.

How Brands Can Succeed

To succeed in the long term, brands need to attract a wider customer base – including younger consumers – and engaging them on a repeat basis relies on several factors. Plant-based food brands must achieve a better price parity than meat; plant-based food is more expensive than meat so if retailers take less on the margin, the price should decrease and the product will become more attractive to a wider customer base.

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