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Report Name: Overview of the Plant-Based Food and Beverage Market in the United Kingdom

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Report Highlights:

UK demand for plant-based meat and dairy alternatives has boomed in recent years, doubling in value from 2016 to 2020 to around $1.6 billion at retail. Plant-based foods tend to sell strongest among young and urban consumers who believe eating less meat is healthier and more sustainable for the environment. Growing numbers of the UK population intend to become meat free, vegetarian, or vegan during the next year. This presents an opportunity for U.S. plant-based frozen or shelf-stable products, and chilled products if shipping (3-4 weeks) and shelf-life conditions can be met.

State of the Plant-Based Food and Beverage Global and UK Markets

The global plant-based food market has rapidly expanded over the past few years and is predicted to continue growing by fivefold into the next decade. The global plant-based food market could grow to upwards of $162 billion by 2030 from $29.4 billion recorded in 2020 according to a Bloomberg Intelligence Report. Despite the rapid expansion of the global plant-based food market, it is still tiny in comparison to the meat and dairy markets. The growth of the plant-based food market in the next decade will be supported by continual product innovation, production capacity increases, lower retail prices, and greater consumer acceptance.

ING estimates that the European and UK plant-based meat and dairy alternative markets will be worth $8.44 billion in 2025, up from $4.9 billion from 2019. In the UK, the demand for plant-based meat and dairy alternatives has boomed in recent years. Currently, plant-based meat and dairy alternative markets are worth $840 million each, essentially doubling in worth from 2016 to 2020.

Meat and Dairy Alternative Market Worth

Year	**2016**	**2017**	**2018**	**2019**	**2020**
Meat Alternative Market Worth ($ million)	405.3	449.3	542.0	636.6	788.4
Dairy Alternative Market Worth ($ million)	386.4	460.9	544.4	616.3	778.9

Source: Kantar take-home sales data

The rapid expansion of the plant-based food market has been supported by consumer concerns of climate change and animal welfare, desires to switch to more sustainable food systems and to reduce meats consumption as well as the rise of the flexitarian diet. Flexitarians primarily adhere to a plant-based diet, but occasionally eat meat or dairy products in moderation. There are an estimated 8.7 million flexitarians in the UK. Many companies entering the plant-based meat and dairy markets hope to attract the flexitarian consumer in addition to vegetarian and vegan consumers. The current best practice for new brands entering the market is to avoid making messaging “too vegan”, and focus on messaging about “taste, flavor, occasions, and price” to attract consumers.

With the rise in plant-based food consumption, there is also significant demand for diversity of plant-based products. Consumers in the UK want to see more than one brand of plant-based food as well as innovative products and substitutes. Market penetration for meat free products has leveled off around 47 percent and in the past year the plant-based dairy sector saw in increase in penetration to about 45 percent. Concerns of market saturation in the plant-based meat and dairy markets have arisen so companies are turning to innovation to fill holes in the market to boost penetration. Companies are experimenting with chicken, beef, and lamb flavored plant-based substitutes as well as expanding prepared and frozen food lines. Waitrose has launched its Plantlife and Go Veggie brands, and Tesco has pledged to increase its sale of meat alternatives by 300 percent by 2025. Tesco’s Wicked Kitchen brand has also teamed up with Beyond Meat to introduce new plant-based meat frozen foods. In addition, fast food restaurants such as McDonald’s and Burger King have expanded menu options to include plant-based burgers to appeal to vegetarians, flexitarians, as well as general consumers interested in trying the product out of curiosity. Distribution of plant-based food products to the hotel, restaurant, and institution (HRI) industry has many gaps that can be filled. The HRI industry could be a promising point of entry into the UK plant-based food market for new brands. With more entrants into the plant-based food market, whether it be startups or leading brands in retail or HRI, it will be important to pay more attention to research and development, distribution, environmental impacts, and the customer base to maintain product appeal and sale growth.

Production

In the late 19th century vegetable and nut-based meat substitutes started to be produced mainly by wholesalers and sold in grocery store in England. While people across the globe had been following plant-based diets for religious and cultural reasons for centuries prior, it was during the Victorian era that the plant-based diet began to be researched and started taking root in eating habitats in England. Plant-based food production and consumption has only begun to grow rapidly in the UK in the past few decades as vegetarian, vegan, and flexitarian diets have grown in popularity, though. With the uptick in demand for plant-based food products, manufacturers have expanded product offerings and, in some cases, have expanded facilities and production capacity. Domestic brands generally have production and distribution facilities within the UK. Larger domestic brands such as Quorn and the Tesco backed Wicked Kitchen are even exporting their products to Europe and North America. Much of the plant-based food production for imported products remains international, although some companies which have been received well in the UK market, such as Oatly, are seeking to open production facilities in the UK.

Labeling

In the UK there are no legal definitions of vegan or vegetarian, thus there are no official requirements under which food may be labeled as such in the UK. Legislation that protects consumers from false or dishonest labels does exist in the UK. As a result, vegan and vegetarian labeling on products varies from company to company creating inconsistencies. Vegan and vegetarian products may include Vegan Society, Vegetarian Society, and Vegetarian Society Vegan approved labels if the products match the selection criteria for each charity's label. These labels help consumers identify if a product is truly free of animal products. For more information on UK labeling requirements, please see our Food and Agricultural Import Regulations (FAIRS) Report at: [GAIN database](https://gain.fas.usda.gov/#/search) https://gain.fas.usda.gov/#/search

Products

Distribution of plant-based products to the retail sector includes plant-based meat alternatives (patties, nuggets, strips, mince, sausages, and meatballs, etc.), plant-based dairy products (milk, cheese, yogurt, ice cream, butter, egg substitutes etc.), plant-based frozen, and prepared meals, and plant-based snacks (nut and protein bars, crisps, biscuits, nut butters, etc.). Distribution to the HRI industry mostly includes plant-based meat alternatives and plant-based milks.

In retail, plant-based meat alternatives are sold in packages with clear film or plastic similar to those of meat products so customers can see the resemblance. Plant-based dairy products are often sold in packages like those of dairy products (cartons for milks, plastic tubs and sticks for butter, clear plastic packaging for cheeses, etc.). Prices of plant-based dairy and meat alternatives are a little more expensive than the animal product versions currently. International brands tend to run a bit more expensive than domestic brands. In addition, product taste and texture have been noted as key elements to attracting returning customers.

Image sources:

https://thevegankind.com/p/beyond-meat-beyond-burger-plant-based-patties-2-pack-226g https://www.buteisland.com/our-products/

https://www.fruitandveg.co.uk/dairy/milk/milk-alternatives/alpro-oat-milk/

https://www.refrigeratedfrozenfood.com/articles/100505-plant-based-processor-wicked-kitchen-closes-14-million-series-a-funding

Company profiles

The following table presents a list of the most active and advanced players in the UK's plant-based food market encompassing dairy and meat alternatives, frozen foods, prepared ready-to-eat meals, snacks, and condiments. A labeling column is included denoting if the product or brand has been approved by the Vegan Society and or Vegetarian society, both of which are registered charities in the UK which provide information and guidance on vegan and vegetarian foods. The following list is by no means exhaustive, but rather serves as a reference for current market developments, consumer preferences, and trends.

International and Domestic Plant Based Food and Beverage Manufacturers in the UK Market:

Company	**Brand**	**Products**	**Price ($)**	**Production**	**Distribution**	**Labeling**
Monde Nissin	Quorn	Meat alternatives: chicken slices, ham slices, peperoni, fishless fingers, etc.	1.4 - 4	Domestic	Retail and HRI	Vegan Society Label; Vegetarian Society Approved
Kerry	Richmond	Meat alternatives: sausage and burgers	3-4	Domestic	Retail	Vegan Society Label; Vegetarian Society Approved
Beyond Meat Inc.	Beyond Meat	Meat alternatives: burgers	6	Imported from USA	Retail	Vegetarian Society Approved; Vegetarian Society Vegan Approved

JBS	Vivera	Meat alternatives: burgers, chicken breasts, chicken nuggets, mince, sausage	3-4	Imported from Netherlands	Retail	N/A
Saputo Dairy	Sheese	Vegan cheese: blocks, creamy, shredded, slices	2.5-3.5	Domestic	Retail and Wholesale	Vegetarian Society Approved; Vegetarian Society Vegan Approved
Saputo Dairy	Vitalite	Vegan butter and cheese	2-4	Domestic	Retail	Vegan Society Label
Monde Nissin	Cauldron Vegan Tofu	Tofu	2-3.5	Domestic	Retail	N/A
Sainsbury	Plant Pioneer	Vegan prepared foods and meat alternatives	2-4	Domestic	Retail	N/A
Tesco	Wicked Kitchen	Vegan frozen foods, meat alternatives, condiments	1.4-5	Domestic	Retail	N/A
Natural Balance Foods	Nakd	Dried fruit and nut bars	3.5-5 per 4 pack	Domestic	Retail and Wholesale	Vegetarian Society Approved; Vegetarian Society Vegan Approved
Danone	Alpro	Plant-based dairy alternatives	1.4-3	Domestic	Retail and HRI	Vegan Society Label

Oatly	Oatly	Oat based dairy alternative drinks, ice cream and yogurt	1.5-6.5	Currently Imported, Domestic (staring early 2023)	Retail and HRI	N/A
Sonae	Gosh!	Plant-based burgers and sausages, prepared foods	1.4-4	Domestic	Retail	Vegan Society Label; Vegetarian Society Approved
Wells Enterprises	Halo Top	Plant-based ice cream	4-7	Imported from USA	Retail	N/A
THIS	This Isn't Chicken/This Isn't Bacon	Plant-based meat alternative: chicken, pork, lamb, bacon, meatballs, sausages	3-7	Domestic	Retail	N/A
Turtle Island Foods	Tofurky	Plant-based meat alternative: burgers, sausages, chicken, mince, deli meat slices, tempeh	4-20	Imported from USA	Retail	Vegan Society Label

Regulatory Challenges

The regulatory process surrounding GMO approval in the UK and Europe has presented some challenges to foreign brands looking to enter the plant-based food market if their products contain genetically modified ingredients (GMOs). Products containing GMOs are legal to place on the market in the UK so long as they have been approved by the European Union prior to 2021 or by the UK from 2021 onward. Potential GMO ingredients such as soy-based or corn-based products, sugar beet, or canola derivatives must be declared on the label using appropriate text. See FAS London's Annual Biotechnology Report: GAIN database

Impossible Foods has applied for UK approval for their plant-based burger which uses soy leghemoglobin, a protein found in the root nodules of soy plants which contains the iron-rich heme molecule responsible for giving meat its texture and flavor. Impossible Foods obtain their soy leghemoglobin by implanting soy genes into genetically engineered yeast. The US was the first to approve Impossible Foods's soy leghemoglobin followed by Canada, Singapore, Hong Kong, UAE, and recently Australia and New Zealand.

Consumer Preferences and Trends

Current market data shows that plant-based foods and plant-based diets are not a fad, but rather here to stay. Flexitarian consumers have helped grow the plant-based food industry and secure its position in the market. Within retail, the growth in demand for plant-based foods has helped plant-based food product displays make their way to the end caps of grocery store aisles and prompted product promotions. Plant-based foods tend to sell strongest among young and urban consumers who believe eating less meat is healthier and more sustainable for the environment. Some of these consumers may believe the plant-based diet is trendy. Consumers interested in health foods and organic foods also tend to be interested in plant-based foods. In the HRI industry, fast food restaurants are expanding their menus to include plant-based meat alternatives to appeal to consumers on plant-based diets as well to appeal to regular consumers who might be enticed by new novel items.

Many plant-based food products advertising and messaging do not necessarily target solely vegetarian and vegan consumers. Products aim to attract flexitarians as well as curious mainstream consumers. According to an industry survey about six percent of the UK population identifies as strictly vegetarian and one percent as strictly vegan. These statics are roughly comparable to the United States which has an estimate of about five5 percent of self-identifying vegetarians. In addition, growing numbers of the UK population intend to become meat free, vegetarian, or vegan during the year, yet another indication that the plant-based food sector is growing and could benefit from increased investment in the UK. Since 2014 the UK based charity Veganuary has urged consumers to adopt a vegan diet for the 31 days of January (and to continue doing so after the challenge). Participation in the challenge has more than doubled each year since their founding and they have been working with businesses and restaurants to increase accessibility to plant-based and vegan foods.

Year-end data from a Mintel report in 2020 showed that 41 percent of UK consumers say that they are not eating meat or actively trying to reduce their meat consumption, which is down from 2019's figure of 51 percent. This suggests that consumer preference likely changed especially in light of the COVID-19 pandemic. Prices, product availability due to supply chain issues as well as possibly consumer desires for more familiarity in their meal choices may have all led to the decrease in the figure's magnitude. Data from 2021 and 2022 may be more indicative of the trends of the plant-based food market as the world opens back up from lockdowns during the pandemic.

Market Development Challenges

Pricing

Plant-based food products particularly meat and dairy alternatives, have a premium over their animal equivalents. This is often due to significant research and development costs. In order to appeal to a broader retail audience and the HRI industry, price will have to become equivalent with meat and dairy products. Companies are prioritizing development of beef, pork, and chicken alternatives and plant-based milks. As more companies enter the market for plant-based food, increasing competition and scaled production will likely contribute to lowering the cost of products.

Taste

Taste and texture of plant-based food products are the two most important factors for consumers to adopt regular consumption of products. Communications about taste and texture should be at the forefront of advertising for plant-based meat and dairy alternatives. Research and development to replicate tastes and textures of dairy and meat products in their plant-based version will be critical to increasing market penetration to include the average consumer. Myths and misconceptions surrounding the taste and textures (bland, soggy, chewy, etc.) of plant-based foods such as tofu and tempeh continue to deter customers from purchasing products. Working to dispel these misconceptions and offering recipes ideas and techniques to properly prepare the products could help increase the consumer base.

Labeling

Although basic consumer protections against false labeling exist, the UK lacks a clear government definition for plant-based, vegetarian, and vegan products. This has led to inconsistency with labeling within the industry. Concerns also have arisen around allergen labeling on products made within facilities where cross contamination could be possible. No legal definition for allergen free (except for gluten) exists in the UK and any allergen labeling on products currently is voluntary. In addition, in comparing ingredient lists of plant-based food products to animal equivalents, animal equivalent ingredient list are much simpler and easier for consumers to understand.

Sustainability and Health Impacts

Plant-based foods are often perceived as automatically being healthy because they are vegan or vegetarian, but this perceived ‘health halo’ is not necessarily true. A recent health campaign in the UK found that many plant-based foods on the market contain unnecessarily high levels of salt. Examination of genetically modified ingredients, though critically important for public health, has made approval processes difficult and laborious. Plant-based diets have also traditionally been regarded as more sustainable as less fossil fuel energy, land, and water typically go into manufacturing. Consumer concerns have risen over the sustainability of manufactured products particularly with packaging and new ingredients. Fully recyclable or compostable packaging and greater transparency surrounding manufacturing processes could help answer consumers concerns and increase confidence in the products and brand as a whole.

Sources:

BBC

Bloomberg

Food and Drink Federation

The Grocer

Mintel

Attachments:

No Attachments.