

Consumer Corner

Demand for Plant-Based Protein



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Proteins: Plant-Based Protein vs. Animal Proteins

Diet preference plays an important role when analyzing consumers' choice of proteins. According to the Nielsen Insight¹ survey, 35 per cent of U.S. households are following a specific protein-focused diet such as high protein, Paleo, Keto, Low Carb etc. Meanwhile, half of North Americans say they eat some form of proteins with every meal. About one-third of the respondents agree that source of protein is important for them.

Plant-based proteins include meat alternatives, dairy alternatives, legumes, nuts and seeds. As illustrated in **Figure 1**, among Americans and Canadians, meat, eggs and dairy are the top three protein sources, with seafood and legumes, nuts and seeds falling to fourth and fifth place, respectively.

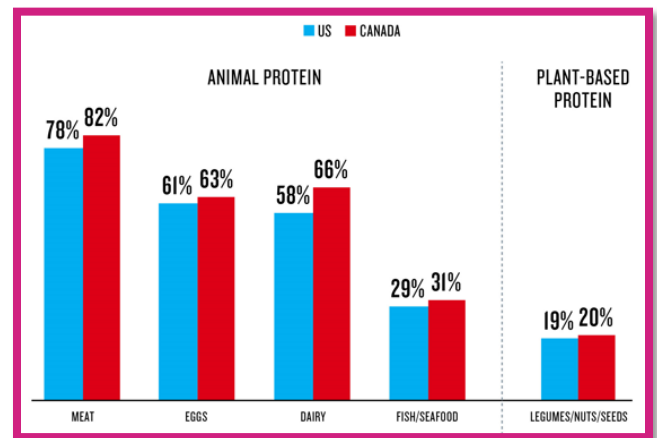
Growing demand for healthier, more sustainable food is one reason people are seeking plant-based proteins. According to the same Nielsen survey¹, consumers are actively trying to incorporate more plant-based food into their diets. This survey showed that 39 per cent of Americans and 43 per cent of Canadians fall into this category. This indicates that plant-based options are appealing to significantly more people than just those who follow vegan diets, comprising only three per cent in U.S. and two per cent in Canada.

Recognizing this trend, the number of plant-based food investment deals are increasing, paving the way for new startups and partnerships across the

¹ Nielsen Insight. Plant-based proteins are gaining dollar share among North Americans. Sept. 2019

sector—and more plant-based product offerings in the mainstream market.

Figure 1: Top Five Protein Sources for North American Consumers



Source: Nielsen, Homescan Panel Survey, U.S., 2017 & Panel Survey, Canada, 2017

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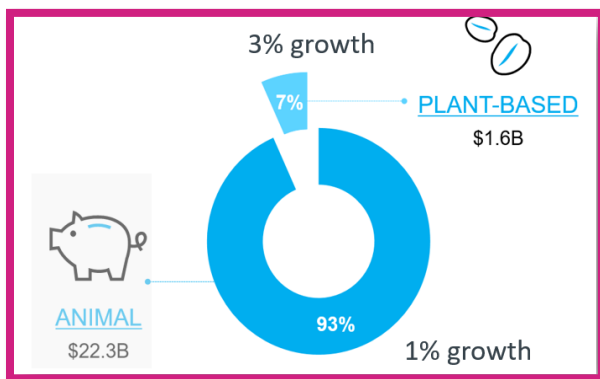
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Plant-Based Protein by the Numbers in Retail

In Canada, retail sales of plant-based protein products grew seven per cent to more than \$1.5 billion in the year ended April 2017. The most recent figures from Nielsen report growth of four per cent to 1.7 billion in the year ending September 2018. Although the total sales value is smaller than animal-based proteins, plant-based proteins are driving growth in grocery retail in both Canada and the U.S.

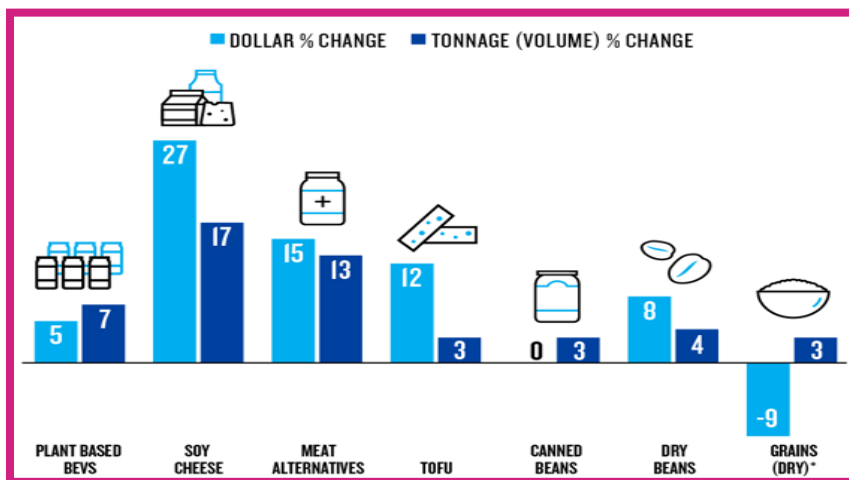
When looking across store aisles, several categories are driving a bigger proportion of the gains. These include soy cheese, meat alternatives and tofu. Despite the impact of price inflation on some categories, volume sales show that consumers are still purchasing other classic plant-based proteins like canned beans and grains (Figure 3).

Figure 2: Plant-Based Proteins and Animal Protein Sales in Canada



Source: Nielsen Market Track, National All Channels, year ending April 2017

Figure 3: Sales Growth in Plant-Based Products in Canada



Source: Nielsen Market Track, National All Channels, year ending April 2017

Plant-Based Proteins by the Numbers in Food Service

According to NPD Group², higher demand for plant-based proteins in the food services sector is evident. From a study done in the U.S., in the year ending 2018, there was 19 per cent growth in plant-based protein cases shipped from broad line foodservice distributors to independent and chain restaurant operators. Beef alternatives made up 44 per cent of the plant-based categories in these shipments. Burgers are the largest beef alternative category. However, meatless meatballs, used as ingredients in all sorts of menus have outpaced burgers and all other plant-based protein formats in terms of growth.

Meanwhile in Canada, plant-based entrees are growing in food service offerings according to Technomic Inc³. The fastest-growing entries of plant proteins include burgers, main salad dishes and pizza. Among the top 200 food service operators in Canada, year-over-year growth of plant-based burgers, main salad dishes and pizza in 2017 were between six and seven per cent. Some menu examples in Canada include:

- **A&W:** The first chain in Canada to introduce the Beyond Meat Burger now serves a Beyond Meat Sausage & Egger and Beyond Meat Sausage & Veggie, which feature Beyond Meat's new breakfast sausage.
- **Quesada Burritos & Tacos:** Showing off Beyond Meat's produce range, their meat burrito is made with Beyond Beef Crumbles Feisty®, a seasoned, broken-down version of its plant-based protein.
- **Paramount Middle Eastern Kitchen:** Partnering with Mississauga-based Sol

² NPD. 2017. Plant-based proteins are harvesting y-o-y growth in food service market and broader appeal

³ Technomic Inc. 2017. Canadian Centre of the Place Consumer Report

⁴ Narcity. 2019. Burger King's New Plant-Based "Impossible Whopper" Will Likely Come To Canada This Year - <https://www.narcity.com/news/burger-kings-new-plant-based-impossible-whopper-burger-will-likely-come-to-canada-this-year>

Cuisine, Paramount added plant-based "chicken" to its menu, which can be substituted for any traditional protein product.

- **Kelseys Original Roadhouse:** Offers the "No Meat" Portobello Burger featuring a hand-breaded Portobello mushroom topped with goat cheese

In addition, a number of chains are planning to introduce plant-based protein menu items soon. A couple of examples are Burger King's "Impossible Whopper"⁴ and Tim Horton's "100 % Plant-Based Beyond Meat® Breakfast Sandwich"⁵ to their Breakfast Anytime menu.



Plant-Based Protein Consumer

Consumer research provides valuable information on peoples' perceptions and behavior regarding plant-based protein consumption. This information provides clues about market trends of different plant-based proteins.

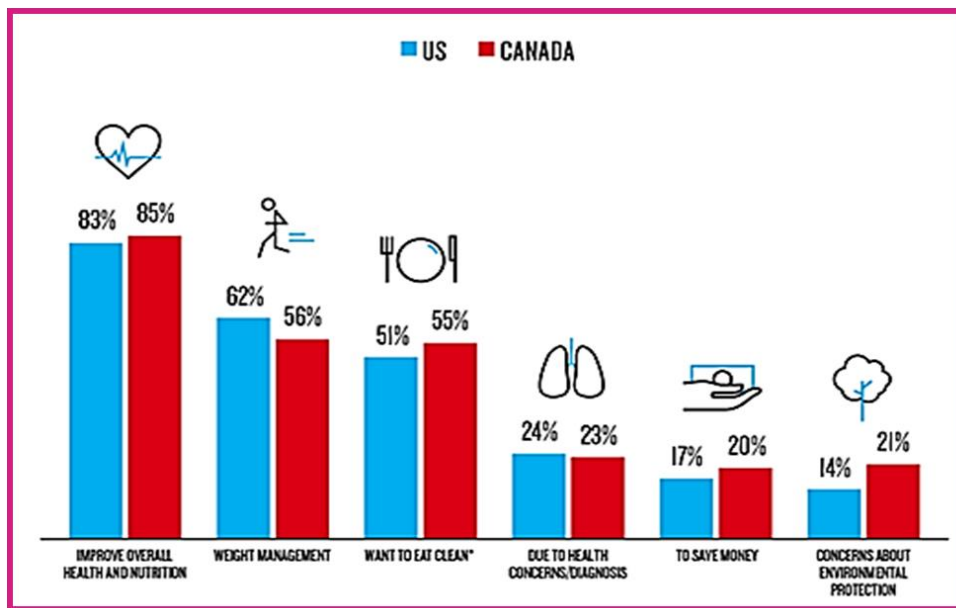
⁵ Cision. 2019. Tim Hortons® to add 100% Plant-Based Beyond Meat® Breakfast Sandwiches to the Breakfast Anytime Menu - <https://www.newswire.ca/news-releases/tim-hortons-r-to-add-100-plant-based-beyond-meat-r-breakfast-sandwiches-to-the-breakfast-anytime-menu-857264310.html>

As illustrated in **Figure 4**, consumers' reasons for choosing plant-based proteins are varied. The main reasons include an association with positive health benefits and help in weight management. In addition to these factors, many also turn to plant-based diets to eat cleaner, address health issues and to promote environmental sustainability.

22 per cent of Americans plan to eat less meat compared with only 15 per cent of Canadians.

The availability of plant-based food have increased, along with improved taste for many of the products, as North American consumers seek out more protein in their diets.

Figure 4: Main Reasons for Choosing Plant-Based Proteins in U.S. and Canada



*Incorporate more foods that are unprocessed or minimally processed

Source: Nielsen, Homescan Panel Survey, U.S., 2017 & Panel Survey, Canada, 2017

When compared to U.S. consumers, a significantly higher percentage of Canadian consumers identified concerns about environmental sustainability as one of the reasons for incorporating plant-based food in their diets.

Plant-based proteins are not just for vegans/vegetarians. According to Acosta⁶, 71 per cent of consumers who buy plant-based proteins also eat meat.

A comparison of U.S. and Canadian consumers show that in Canada, 20 per cent of consumers plan to eat more legumes, nuts and seeds, compared with 15 per cent of Americans. On the other hand,

As revealed by consumer surveys, when look at plant-based protein consumer demographics, **Millennial Women** are the heavy users.

⁶ Acosta. 2018. Progressing Protein Palates report.

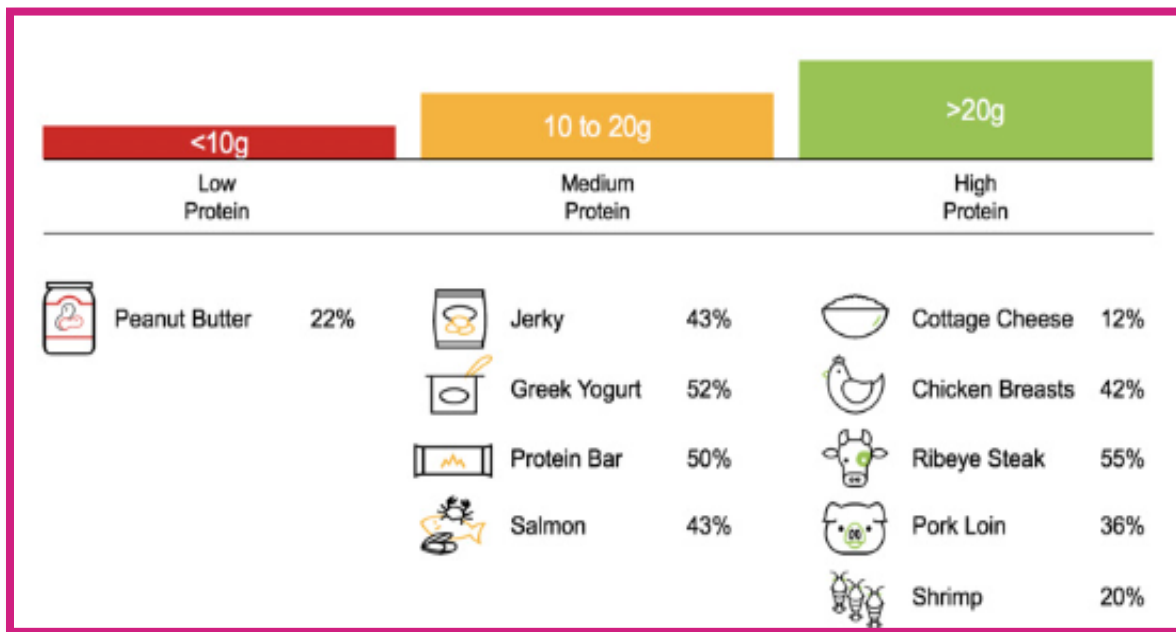
Protein Perception

An interesting finding is reported about the knowledge of protein among U.S. consumers. Nielsen⁷ conducted a survey in July 2018 which included more than 20,000 respondents. They were asked about their perspective on how much protein certain items from across the store contain, on a range of high protein content (more than 20 grams per serving), mid-level protein (10-20 grams per serving) or low protein (less than 10 grams per serving).

believed peanut butter is higher in protein than it actually is. Additionally, only 20 per cent of respondents knew that shrimp is a high-protein food, and a majority of consumers did not recognize cottage cheese as a high-protein food, when in actuality, its protein content is quite high. Overall, protein knowledge among U.S. consumers is low.

Of the ten products included in their surveys, only three items reached a majority of consumers correctly identifying protein content levels—even though more than half of consumers say high protein is an important attribute in their food purchases.

Figure 5: Protein Levels and Percentage of Consumers Who Correctly Identified Each Item's Protein Content



Source: U.S. Homescan Panel Survey, July 2018

Despite the fact that this study did not include many plant-based proteins, the results illuminated some interesting knowledge gaps. In fact, American consumer beliefs about the protein content in common food items do not align with reality. For example, 78 per cent of respondents said they

⁷ Nielsen. Homescan Panel Survey, July 2018.

Take Away Messages

- Whether it be due to health, ethics or sustainability reasons, there is a growing interest in plant-based protein foods among North American consumers. While interest in plant-based proteins is on the rise, animal-based meat is here to stay.
- Plant-based proteins are no longer just a meal replacement, but they are evolving into their own category.
- In both retail and foodservice, there is evidence to say that demand for plant-based proteins is increasing.
- The opportunity for many plant-based proteins appears to be as a complement to traditional animal-based products and not as a direct replacement. Many consumers who are interested in plant-based proteins are also eat meat.
- This trend presents a notable opportunity for food manufacturers, brands and retailers looking for ways to capitalize on specific needs and desires among consumers opting for plant-based food and beverage options, particularly in cases where relatively few options currently exist.
- The biggest challenge for the plant-based proteins category continues to be finding the right balance between flavour and health, and discovering the categories where consumers will accept the addition of plant-based alternatives.
- The low knowledge of protein among U.S. consumers may indicate Canadian consumers may have a similar issue. Despite this gap, manufacturers whose products contain protein should continue to invest in marketing that puts protein claims and the amount of protein in front-and-center of packaging labels.