Beyond Meat Inc announced this week that it is expanding the distribution of its burgers to more than 2,400 Walmart stores, from around 800 at present. (ddp)

Food revolution

Appetite grows for plant-based meats as preferences shift

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Demand for plant-based meat products has accelerated amid the COVID-19 crisis as consumers grow increasingly health conscious and mindful of the environmental impact of their nutrition choices. We expect the market for plant-based protein alternatives to expand by 28% per year on average over the next decade, reaching USD 85bn by 2030, as part of a broader shift in consumer preferences that offers long-term opportunities for investors.

Plant-based meat alternatives are becoming increasingly prevalent on supermarket shelves as consumers place greater emphasis on healthy eating and sustainable nutrition choices in the wake of the COVID-19 pandemic. On Tuesday, US company Beyond Meat Inc announced that it is expanding the distribution of its burgers to more than 2,400 Walmart stores, from around 800 at present, in response to growing demand.

US sales of fresh plant-based meat rose 102% in volume in the second quarter of 2020, according to a Reuters analysis, as consumers tried out new recipes at home during lockdown and incorporated meat-free alternatives into their diet.

In Europe, too, food manufacturers and retailers are taking note. Swiss food conglomerate Nestlé said this week that it plans to expand its range of plant-based dairy alternatives, as well as launching a new vegan burger, after seeing sales of its plant-based foods jump 40% in the first half of 2020.

Meanwhile, UK supermarket chain Tesco announced on Tuesday that it has committed to a 300% increase in its sales of meat alternatives by 2025, as part of a range of measures developed in conjunction with the World Wildlife Fund to support sustainable food production. On average, plant-based burgers generate 89% less greenhouse gas emissions, require 94% less land, and have a 93% smaller water footprint than traditional burgers.

The COVID-19 pandemic has accelerated demand for plant-based meat products as consumers become increasingly health conscious and mindful of the environmental impact of their nutrition choices. Focus on safety and transparency across
the food chain has also increased. We expect the global market for plant-based protein alternatives to expand by 28% per year on average over the next decade, reaching USD 85bn by 2030, while the broader food innovation market could increase fivefold to USD 700bn over the same time period.

The growing focus on "mindful eating" – that is, choosing brands and foods that come from sustainable sources – is an important driver of this shift in consumer preferences.

Designing products that appeal to different age groups will be key for food companies. By 2050, millennials will be the biggest generational consumer. Issues of sustainability, animal welfare, supply-chain transparency, and environmental impact should therefore continue to demand attention, leading to more efficient food sources and a lower ecological footprint.

We believe the evolution of consumer preferences presents long-term opportunities for investors, as detailed in our recent Future of Humans report. For more on sustainability, click here.