SAMANTHA WHITE

FOOD TRENDS
CHANGING CONSUMER BEHAVIOURS

The food market is changing. Consumers are increasingly transitioning to what market research describes as 'plant-forward' or 'plant-centric' ways of eating. This article looks at how the prevalence of meat in consumer diets is changing and how parties across the food supply chain are evolving to meet changing consumer demand.

Demand and supply side changes

On the demand side, consumers are becoming increasingly concerned about the environmental, ethical and health issues associated with the consumption of meat and other animal products. Spurred on by information shared through social media and Netflix documentaries such as *Game Changers* and *Cowspiracy*, consumers (especially young adults) are shifting their consumption behaviours towards a diet lower in meat and other animal products.

Nationally, this shift is being driven by health concerns, followed by concern for animal welfare and the environment, as well as the lure of increasing numbers of plant-based options in the market. As consumers reduce the prominence of meat in their diets, they are increasingly seeking plant-based alternatives and retailers and food businesses are working hard to respond.

On the supply side, food service, retail and manufacturing businesses are expanding their meat-free and plant-based product offerings to cater to changing consumer taste. In food service, fast food chains such as Hell's Pizza, Dominoes and Burger Fuel are adding alternative proteins to their menu, adopting both imported and domestically produced products.

Retailing and manufacturing

In retailing, this year both supermarket retailers added plant-based product lines under their own private label brands:

The market for plant-based alternatives has undergone a significant re-branding, with brands actively targeting consumers across vegan, vegetarian, flexitarian and omnivore consumer groups.

- Foodstuffs launched Pam's Plant Based, an extensive line of plant-based meat and dairy substitutes and ready-to-eat meals
- Woolworths launched their Plantitude range across freezer, bakery, grocery, health foods and chiller.

In manufacturing, we have seen a number of new generation domestic brands such as Sunfed and Food Nation join traditional players like Bean Supreme. Where traditional plant-based meats offered convenient plant-based proteins without attempting to taste, look or cook like meat (think bean burgers and veggie sausages), we are now seeing a new generation of plant-based meats sweep the market. These new products are designed specifically with the intention of replicating meat in taste, appearance and cooking experience, such as Beyond Meat and Impossible Foods.

In just a few years the market for plant-based alternatives has undergone a significant re-branding, with brands actively targeting consumers across vegan, vegetarian, flexitarian and omnivore consumer groups.

Flexitarianism and veganism

Many consumers do not see meat reduction as an 'all or nothing' approach. Instead, many are opting for a reduced or 'flexitarian' diet. The German Society for Nutrition has defined flexitarians as those consumers who 'reject factory farming, want to protect the environment, promote their health and still don't want to give up meat entirely (see www.dge.de/wissenschaft/weitere-publikationen/fachinformationen/flexitarier-die-flexiblen-vegetarier/).

Essentially, flexitarians are flexible vegetarians who eat meat but do not do so daily or regularly. For these consumers, animal welfare and the quality of their food is highly important, as is their health and environmental impact. Therefore, consumers perceive such a diet to reduce their carbon footprint and benefit their health while still enjoying some level of meat consumption.

New Zealand domestic consumers

A 2019 Colmar Brunton study found that one in three New Zealand consumers are reducing their meat consumption, meaning that over 1.5 million Kiwis could be eating less meat. The nationally representative study carried out by Colmar Brunton surveyed over 1,100 New Zealand consumers and showed that growth in flexitarianism is being driven mainly by Generation X and Baby Boomers.

As domestic consumers seek to reduce how much meat they are consuming, they are increasingly seeking plant-based alternatives, with over 60% of Kiwis indicating that they have tried, or are wanting to try, new plant-based meat products. Consequently, this market segment is viewed as a stimulus for demand for plant-based products that have been historically targeted exclusively at vegan and vegetarian consumers. However, that is not to say that vegans and vegetarians are going anywhere. Vegetarian

A 2019 Colmar Brunton study found that one in three New Zealand consumers are reducing their meat consumption, meaning that over 1.5 million Kiwis could be eating less meat.

and vegan consumers are those who have eliminated meat and other animal products from their diets.

The Colmar Brunton study reported that it is millennials who mainly drive veganism and vegetarianism in New Zealand. Similarly, a joint report by Bayer, the NZ Nutrition Foundation and AUT indicates that consumers from 15 to 34 are the biggest age group adopting flexitarian, vegan and vegetarian diets. These trends can be seen elsewhere around the globe because millennials play a prominent role in the global shift in food preferences towards diets low in and void of animal products. Across all markets, younger consumers are overwhelmingly driving these dietary changes.

Global consumers

China

In China, the Government has announced it intends to cut red meat consumption by 50% by 2030. Chinese consumers are increasingly motivated by health, and those in urban centres are shifting to vegan and flexitarian diets in droves, particularly millennials and Gen Z.

Consumers adhering to vegan and flexitarian diets now make up 40% of the population of Hong Kong alone. Consequently, the market for plant-based meat substitutes in China is more extensive than that of the US, coming in at $910 million in 2018 and with expected annual growth of 20-25%. This trend poses a particular problem as China represents New Zealand's biggest export market for meat and dairy products.

The US

In the US, a report published by a leading market research firm indicates that American consumers are eating more plant-based foods than ever before. However, while consumption of plant-based meats and dairy alternatives is highest among vegan and vegetarian consumers, the report indicates that flexitarians represent most of the market for these products. Over 40% of US consumers identify as vegan, vegetarian or flexitarian, with flexitarians representing over one-third of the market. More consumers perceive plant-based foods as healthier, better for the environment and for the animals, leading many to question the role of meat in their diets.

Europe

In Europe, research surveying over 2,600 consumers across seven different European countries shows that they are 10 times more likely to identify as flexitarian than vegan and seven times more likely to identify as vegetarian. However, the same study indicates that approximately two-thirds of European flexitarians anticipate transitioning to a completely meat-free diet in the future.

Let us build on our existing reputation as producers of high-quality meat and dairy commodities and use that to market ourselves as producers of high-quality plant-based proteins and value-added products.

What is also interesting is that attitudes towards plant-based diets are also softening among omnivores who are becoming more open-minded and interested in consuming meat alternatives exclusively in the future. Thus, while meat consumption globally is still high, the reality is that the number of consumers making the shift to low and meat-free diets is increasing. Consequently, food businesses across the supply chain need to adapt to serve this growing consumer segment and to take advantage of the opportunities it presents.

Future of food production

These consumption shifts raise a number of questions, but perhaps most significantly what do they mean for the future of food production in New Zealand? As a nation, we seem to have firmly put our eggs in the commodity export basket, especially for meat and dairy. While this has served us to some extent so far, it begs the question of how secure such a position is amongst changing consumer preferences and mounting concern about the role of animal agriculture in climate change. If our export markets continue to institute government mandated meat reduction or taxes on meat and other environmentally costly foods, is it time for us to pivot or diversify our domestic portfolio?

Globally, the alternative protein market poses a significant economic opportunity for those who move quickly. An Australian State of the Industry report shows that investment in plant-based meat in 2020 reached USD 1.4 billion globally, with governments, meat giants and investors moving to make a stake in a market that is forecast to account for 10% of the USD 1.4 trillion global meat market by 2029. Across the ditch, the Australian plant-based meat sector has doubled its domestic manufacturing revenue and jobs in the past year, even amidst a global pandemic.

However, capitalising on this opportunity is not without its challenges. For New Zealand, perhaps our biggest challenges are centred on increasing our yield of suitable plant proteins and investing in processing infrastructure to produce these products domestically. New Zealand farmers and the groups that represent them need to demonstrate leadership to maximise the potential for our primary producers.

With price being one of the most significant barriers to plant-based meats, economies of scale across the supply chain will be important for domestic products to be competitive here and in the international market. Finally, we need investment in R&D to help us ensure we are developing products that are competitive and meeting consumer expectations.

Segmentation in the substitutes market

The market for plant-based meat substitutes is segmented and the product attributes sought and priorities of these segments vary. The products purchased by vegan and vegetarian consumers are often different in their sensory attributes and nutritional profile compared to consumers adhering to flexitarian or omnivorous diets. Consumers also have differing preferences for the companies who are producing these products.

On the one hand, vegan and vegetarian consumers who avoid meat are more likely to prefer purchasing from companies that exclusively make products free from animal-based ingredients. On the other hand, those consumers still consuming some level of meat perceive plant-based meat products produced by meat product manufacturers to be closer to the real deal. However, animal welfare and environmental issues are also raised and need to be addressed.

Perhaps this poses the real opportunity for New Zealand producers. Let us build on our existing reputation as producers of high-quality meat and dairy commodities and use that to market ourselves as producers of high-quality plant-based proteins and value-added products. It is time for New Zealand to leverage our reputation for safe and high-quality food and established relationships with export supply chains to claim our share of this market opportunity.

Summary

Consumer preferences are changing and there is currently no indication that the rate of change is going to slow down any time soon. Rather, projections indicate that consumer shifts towards products that are perceived as better for the environment, human health and animal welfare will continue to increase. While many consumers continue to eat meat, the role of meat in consumer diets is changing. Many are making the shift to low meat diets – and many see plant-based alternatives as a novel and appealing way of achieving this. While some brands may perceive this as a threat, many leaders in foodservice, manufacturing and retailing recognise this for the opportunity that it is – a chance to diversify product portfolios and capitalise on a rapidly growing consumer segment while doing their part for the planet.

Further reading

Bayer, NZ Nutrition Foundation and AUT. 2019. *The Bayer Food Focus Project*.

Colmar Brunton. 2019. *Hungry for Plant-Based: New Zealand Consumer Insights*.

Food Frontier. 2021. *2020 State of the Industry: Australia's Plant-Based Meat Sector*.

Samantha White is a Lecturer in Marketing at Lincoln University in Canterbury. Email: samantha.white@lincoln.ac.nz