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# The Current State of Meat Alternatives

September 2024

# Executive summary

## Meat alternatives, including substitutes for chicken and beef, are just 1% of total meat category sales, but they represent a solid subcategory that continues to evolve.

Meat alternatives sales reached $1.3 billion in 2020 but have experienced three years of declines. Still, the current $1.1 billion is higher than pre-pandemic dollar sales. To a lesser degree, seafood and dairy alternatives have also struggled.

Frozen accounts for 70% of meat alternative sales, compared to a 30% share for fresh meat alternatives; still, nearly 30% of buyers purchase both options.

After major growth in 2020, retailers are resetting the store and paring back their meat alternatives offerings.

Meat alternatives feature a $4.20 price gap above total meat, which might hinder purchases.

The percentage of households purchasing plant-based meats is declining, resulting in buyer loss. However, frequent-purchase households spend more per trip and have a higher dollar share across alternative categories, including dairy alternatives.

### Opportunities

Fresh, healthy foods merchandised in the store perimeter, including fruit and salad greens, are among the top categories found in the meat alternatives basket. Cross-merchandise with the produce aisle to inspire healthy meals.

Given the high price gap of meat alternatives, brands need to define "value" for the shopper, including taste experience, convenience, form, and nutritional profile.

Across the U.S., there are pockets of high adoption of meat alternatives. Track and adopt strategies from successful retailers.

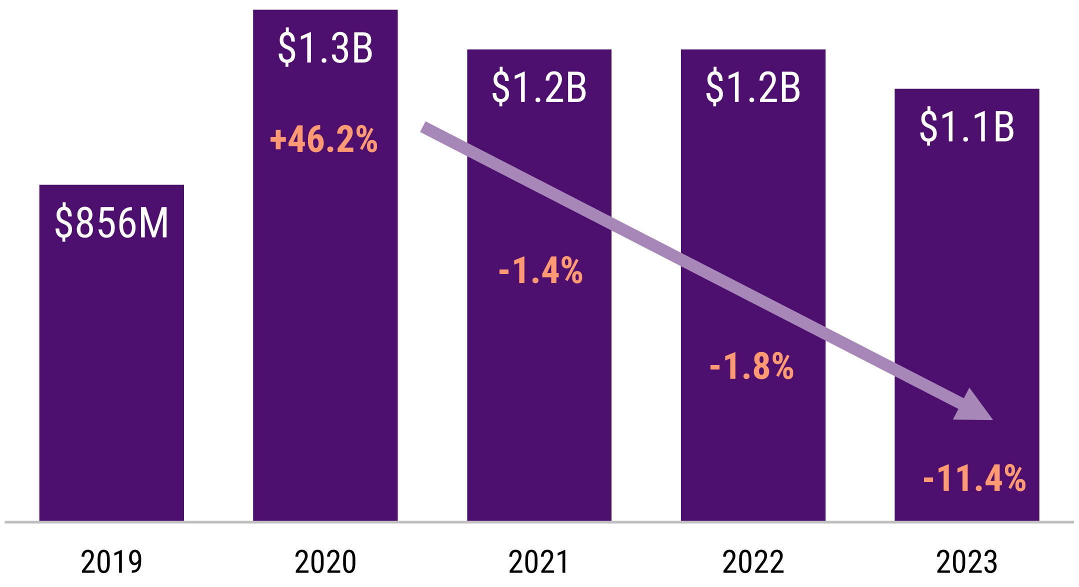
Plant-based meats skew to millennial and Gen X households with higher incomes. With millennials still honing their cooking skills and shopping habits, they are receptive to inspiration.

Retention of frequent buyers is critical to category success; heavy buyers represent 75% of dollar sales. Understand frequent-buyer profiles and identify ways to keep them engaged in the category, such as highlighting trending flavors, pack sizes, and recipes.

Invest in innovation: Future meat offerings will deliver value through clean, quality products rooted in key consumer trends.

# Meat alternatives sales hit $1.3B in 2020, but have experienced three years of declines, landing at $1.1B in 2023

**Total Meat Alternatives**
**Dollar Sales and % Chg. vs. YA**




Although the category experienced significant declines in 2023, meat alternatives still **exceeded 2019 pre-pandemic dollar sales.**

*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, L52WE 7/14/2024*

# Meat alternatives has lost dollar share of total meat department every year since 2020

**Meat Alternatives Dollar Share of Meat**

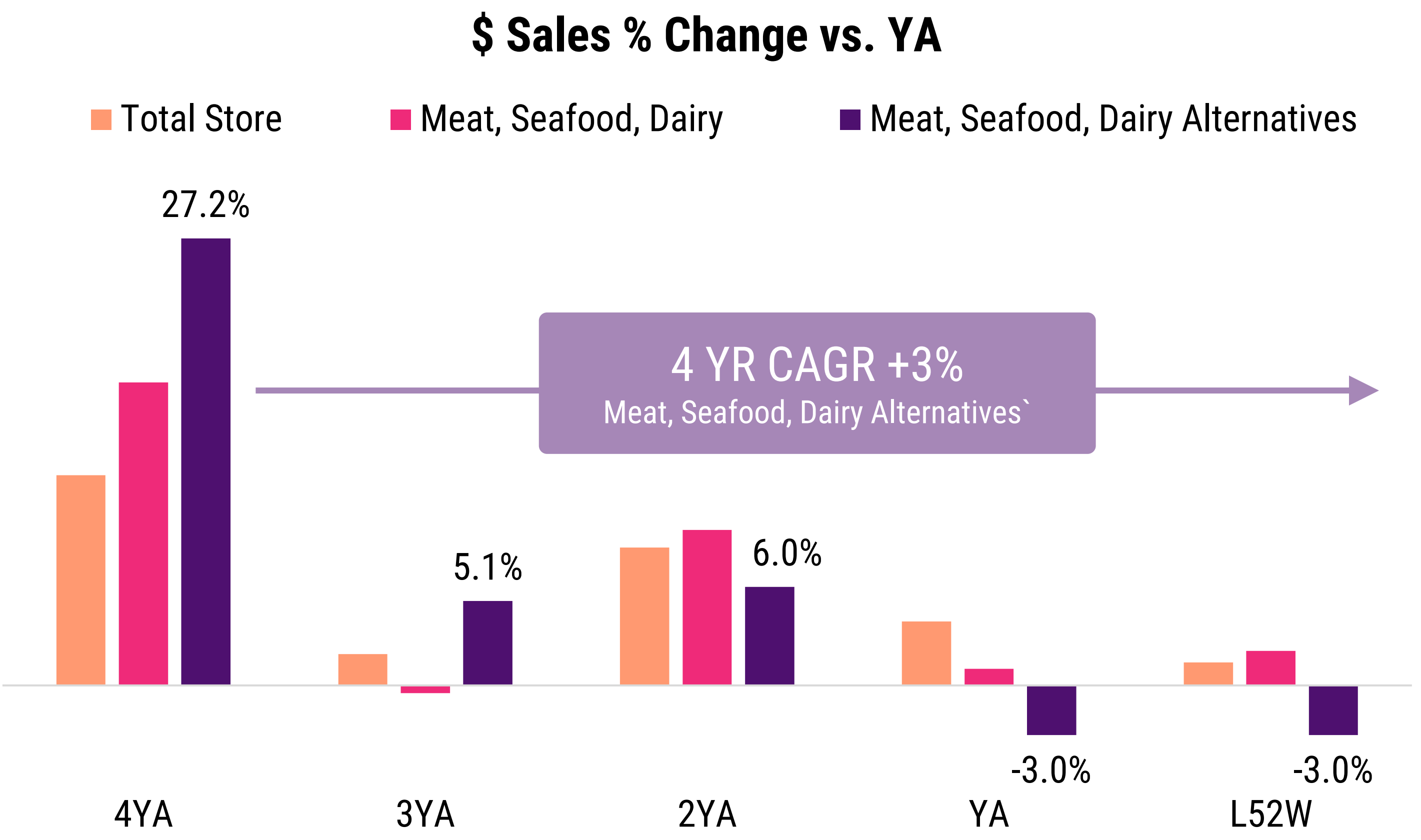
| 2019 | 2020 | 2021 | 2022 | 2023 | YTD '24 |
|---|---|---|---|---|---|
| 1.14% | 1.39% | 1.37% | 1.26% | 1.12% | 1.07% |

**Dollar Sales % Chg. vs. YA**

| | | | | | |
|---|---|---|---|---|---|
| Meat Alternatives | **46.2%** | -1.4% | -1.8% | -11.4% | -6.7% |
| Total Meat (Fz/Rfg) | 20.3% | 0.1% | 6.5% | -0.3% | 3.2% |

*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, dates: CY2019, 2020, 2021, 2022, 2023, CYTD WE 7/14/2024*

# Meat, seafood, and dairy plant-based alternatives have struggled across the store in recent years




DAIRY ALTERNATIVES

**+5%**

4-year CAGR (Dollars)

MEAT ALTERNATIVES

**-2%**

4-year CAGR (Dollars)

SEAFOOD ALTERNATIVES

**+7%**

4-year CAGR (Dollars)

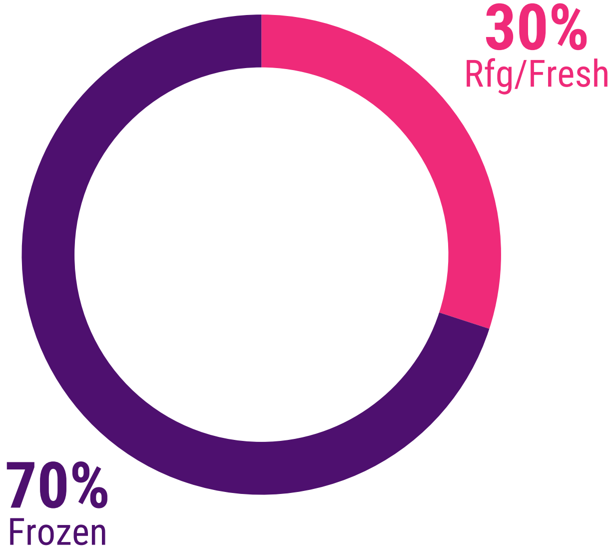
*Source: Circana, TSV (total store only), Integrated Fresh Market Advantage, U.S. MULO, L52W 7/14/2024*

# Breaking it down: fresh vs. frozen impact on meat alternatives growth

**Consumer Dynamics**
**Meat Alternatives**

| % HH Buying | % HH Buying Change vs. YA | $ Sales % Change vs. YA |
|---|---|---|
| **Refrigerated Meat Alternatives** | | |
| 6.3 | -1.5 | -16.0 |
| **Frozen Meat Alternatives** | | |
| 11.3 | -2.0 | -6.0 |
| **Total Meat Alternatives** | | |
| 13.6 | -2.4 | -9.3 |

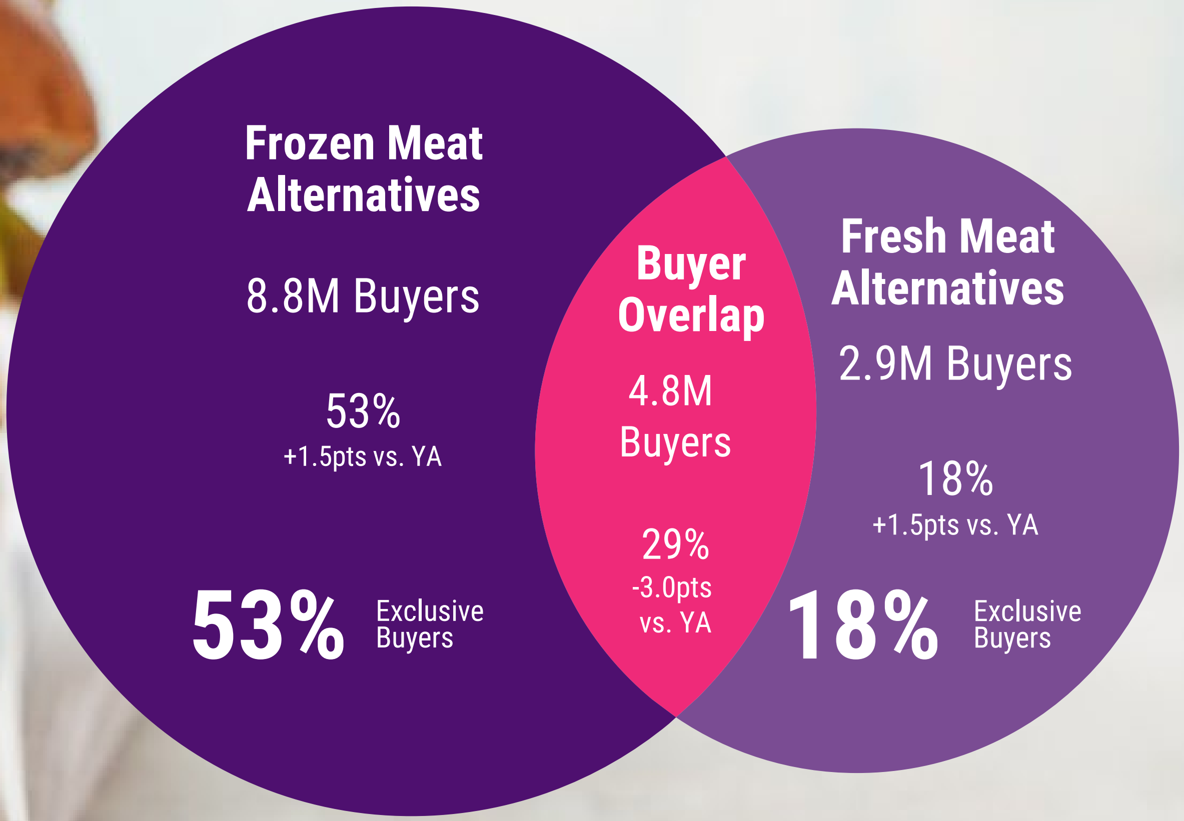
**Total U.S. All Outlets**
**Meat Alternatives $ Share**




Year to date, meat alternatives is a **$1.03 billion** market, with frozen outpacing fresh.

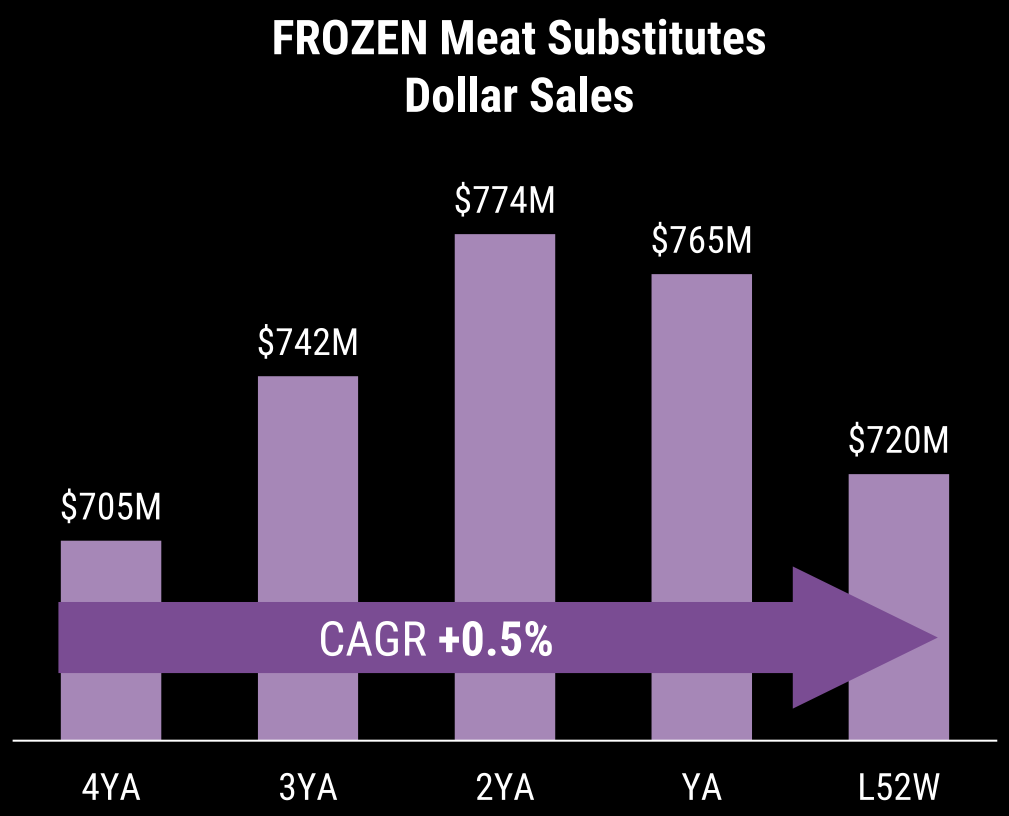
*Source: Circana, Integrated Fresh Scan Panel, Market Advantage; total U.S., all outlets, MULO, L52WE 7/14/2024*

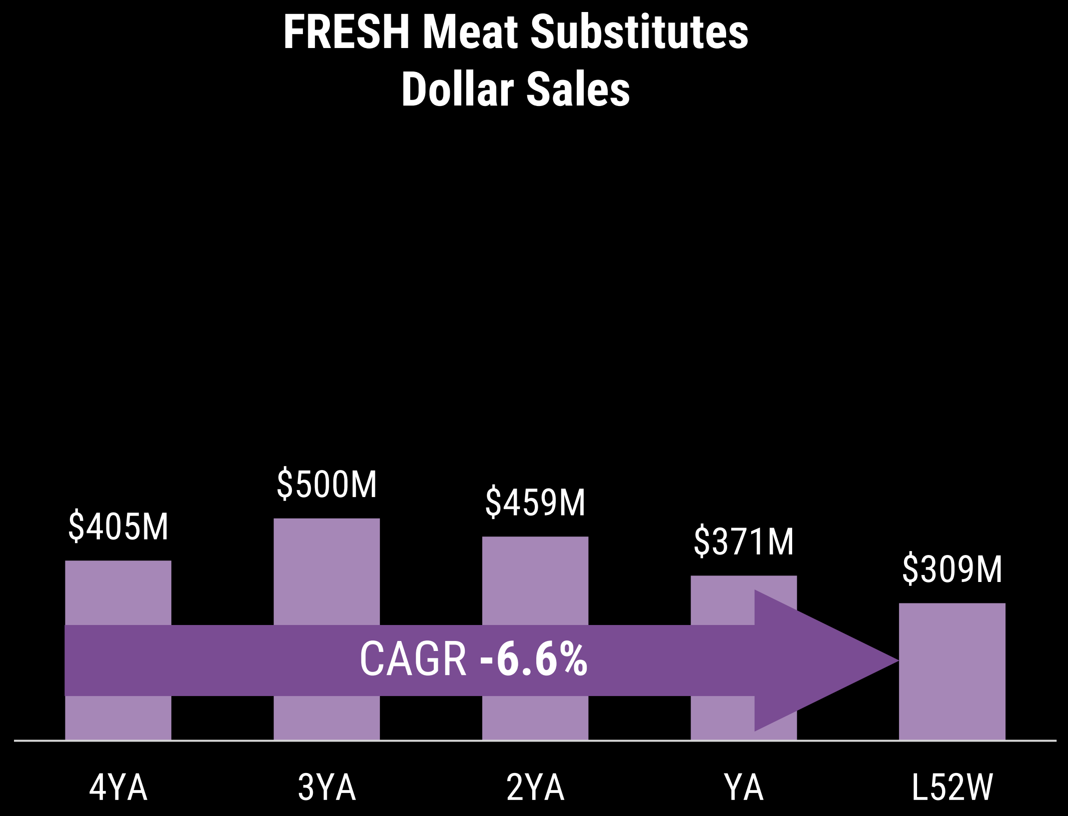
# While frozen is preferred, 29% of meat substitute buyers have purchased both frozen and fresh products




*Source: Circana, Integrated Fresh Scan Panel; total U.S., all outlets, L52WE 7/14/2024*

# Frozen meat substitutes have outperformed fresh year over year

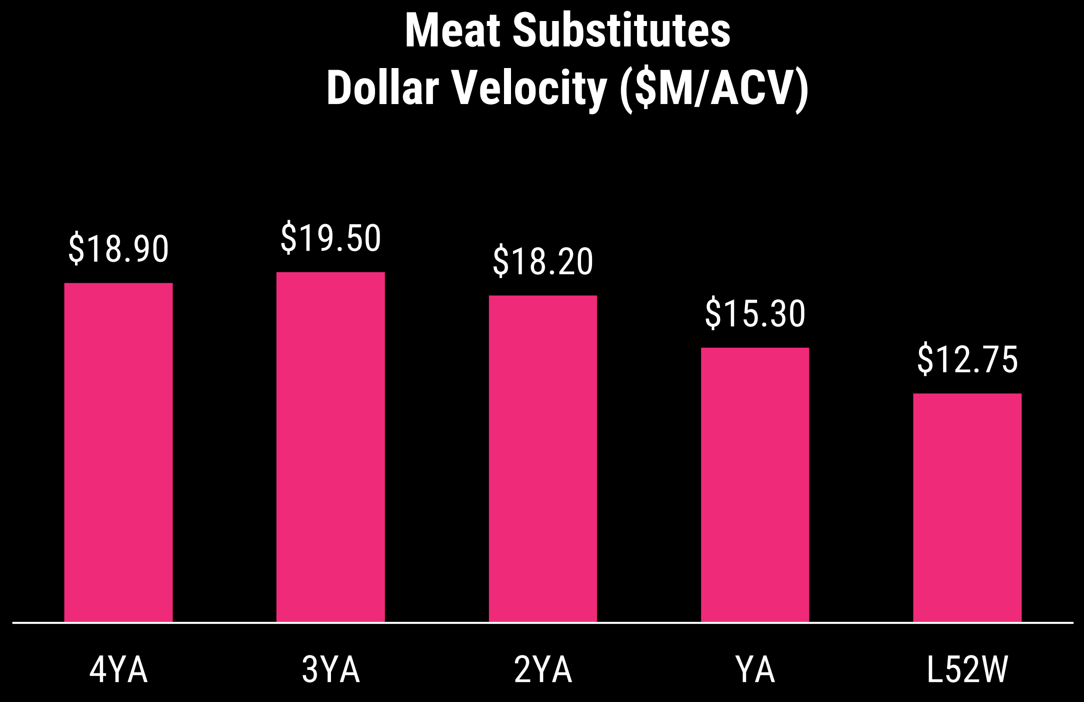



*Source: Circana, Integrated Fresh Market Advantage U.S. MULO, L52WE 7/14/2024*

# Velocities are declining despite fewer meat alternatives items selling per store

Fresh meat substitutes are down an average of 4 items per store vs. 3YA, representing an 18% reduction in SKUs.


*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, L52WE 7/14/2024*

# The meat alternatives category has experienced market rationalization

**116**
2020

**83**
2024

Available brands of in-market meat alternatives declined by 28%, from 116 brands in 2020 to 83 brands YTD 2024.

*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, CY 2020, CYTD WE 8/11/2024*

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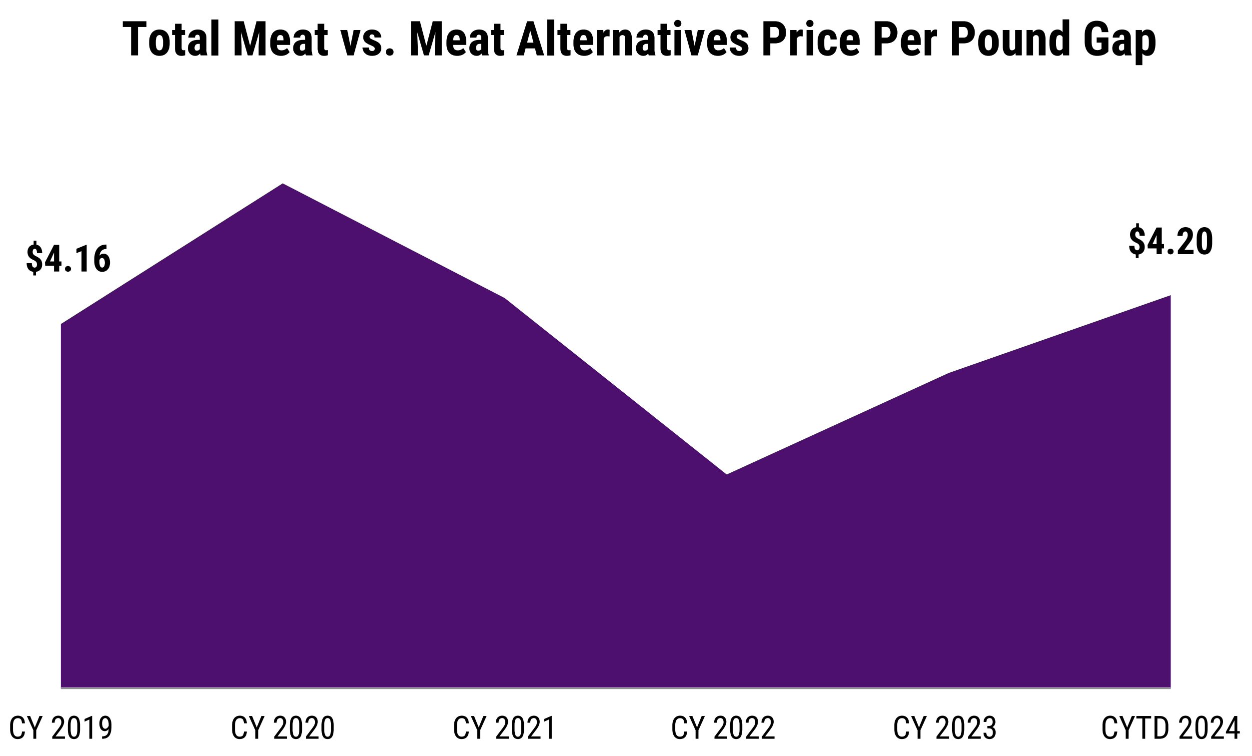
# Baskets with meat alternatives often include foods merchandised in the perimeter of the store

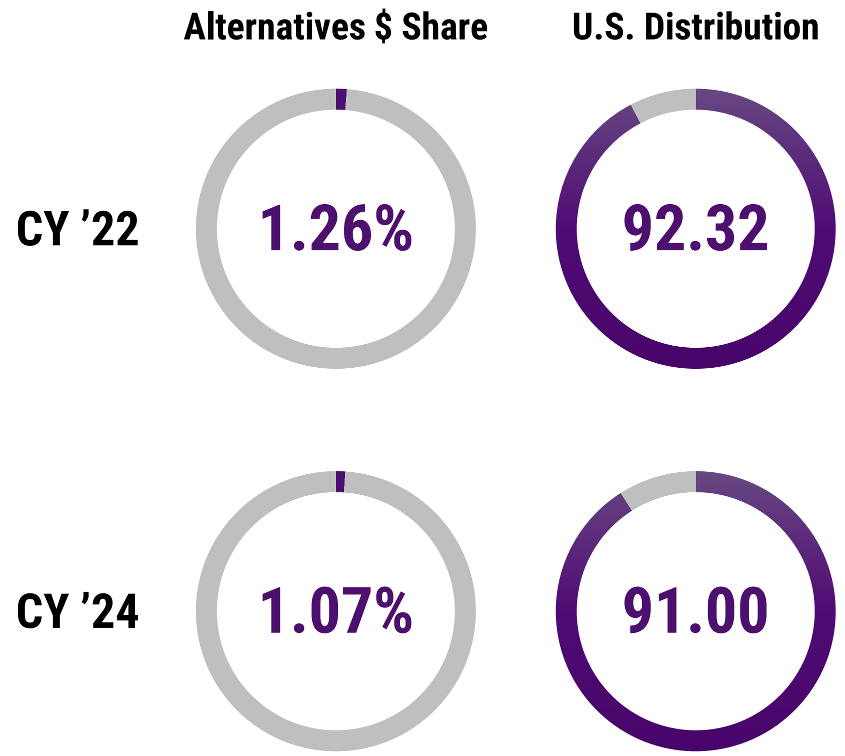
**Top Categories in the Meat Alternatives Basket**

| Product | % Basket Trips | Co-purchase Index |
|---|---|---|
| Fresh Common Fruit | 37.6 | 188 |
| Fresh Snacking/ Salad Vegetables | 30.3 | 232 |
| Salty Snacks | 30.1 | 174 |
| Milk | 27.8 | 173 |
| Fresh Salads and Leafy Greens | 26.1 | 253 |
| Dairy Natural Cheese | 23.0 | 210 |
| Center Store Breads | 22.0 | 201 |
| Fresh Cooking Vegetables | 20.9 | 249 |


*Source: Circana, Integrated Fresh Scan Panel; product: meat alternatives; total U.S., all outlets, L52WE 7/14/2024*

# Meat alternatives' price per volume gap with total meat has increased since 2022




*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, CY 2019, 2020, 2021, 2022, 2023, 2024 ending 7/14/2024*

# Meat alternatives have a larger price per pound gap with total category

This gap is more than dairy and frozen seafood alternatives.

MEAT ALTERNATIVES

**$8.26/lb**

Price Gap to Category
$4.20/lb

DAIRY ALTERNATIVES

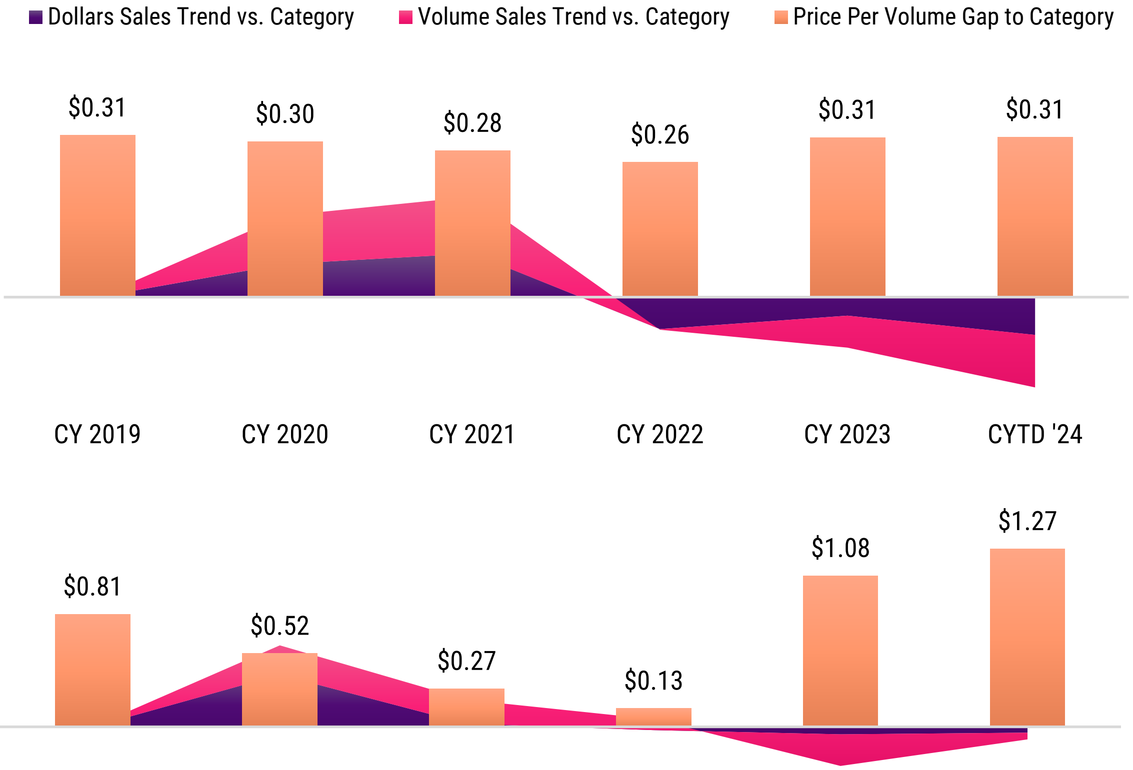
**$1.36/lb**

Price Gap to Category
$0.31/lb

FZ SEAFOOD ALTERNATIVES

**$8.44/lb**

Price Gap to Category
$1.27/lb




*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, CY 2019, 2020, 2021, 2022, 2023, 2024 ending 7/14/2024*

# Chicken and turkey frozen patties are growing volume

This growth is providing value and a “better for you” lean protein option.

| FZ Burgers | Sales $(M) | $ Sales % Change | Volume Sales % Change | Price per Volume | Price per Volume % Change |
|---|---|---|---|---|---|
| Beef | $787 | 1.4% | -0.1% | $4.66 | 1.5% |
| **Chicken** | **$380** | **2.1%** | **6.9%** | **$4.04** | **-4.5%** |
| **Turkey** | **$124** | **-2.1%** | **3.5%** | **$5.08** | **-5.5%** |
| Alternatives | $266 | -7.7% | -12.4% | $7.59 | 5.3% |

*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, L52WE 7/14/2024*

# In the face of lagging category trends, some meat alternative brands are delivering dollar growth

**Dollar Sales Change vs. YA (M)**


**$1.5**

DARING


**$2.0**

ABBOT'S


**$2.7**

MEATI


**$10.2**

BEYOND

*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, L52WE 7/14/2024*

# Winning meat alternatives are delivering quick and easy solutions along with elevated experiences


**Convenience** | **Flavor** | **Form** | **Co-branding** | **Ingredients**

# Top growth items are delivering innovative forms, flavor expansion, and convenience

Top 15 Growth Items $ Sales Change vs. YA

★ Convenience ★ Form ★ Flavor

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| $7.7M | $3.6M | $3.3M | $3.2M | $3.2M | $3.0M | $2.6M | $2.4M* |
| ★★★ | ★★ | ★★ | ★★ | ★★ | ★★ | ★★★ | ★★★ |

| | | | | | | |
|---|---|---|---|---|---|---|
| $2.3M | $2.1M | $1.7M | $1.6M | $1.5M | $1.3M | $1.2M |
| ★★ | ★★★ | ★★★ | ★★★ | ★★ | ★★ | ★★★ |

** True innovation no sales in prior 52W period*

*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, L52WE 7/14/2024*

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# Convenience continues to be a top consideration during the shopper journey and when purchasing meat

### Deli Prepared Meat

**+11.0%**

Deli Prepared Dept.
+4.6%

### Ground Beef

**+8.6%**

All Other Beef Cuts
+5.8%

### Convenience Bacon

**+2.7%**

Raw Pork Bacon
+1.4%

### Rotisserie Chicken

**+9.3%**

Chicken Whole Bird
-0.1%

### Deli Sushi

**-0.4%**

Seafood Dept.
-5.1%

### Boneless Chicken Thighs

**+8.1%**

Bone-in Chicken Thighs
+1.2%

### Marinated Pork Loin

**-0.8%**

No Prep Pork Loin
-1.9%

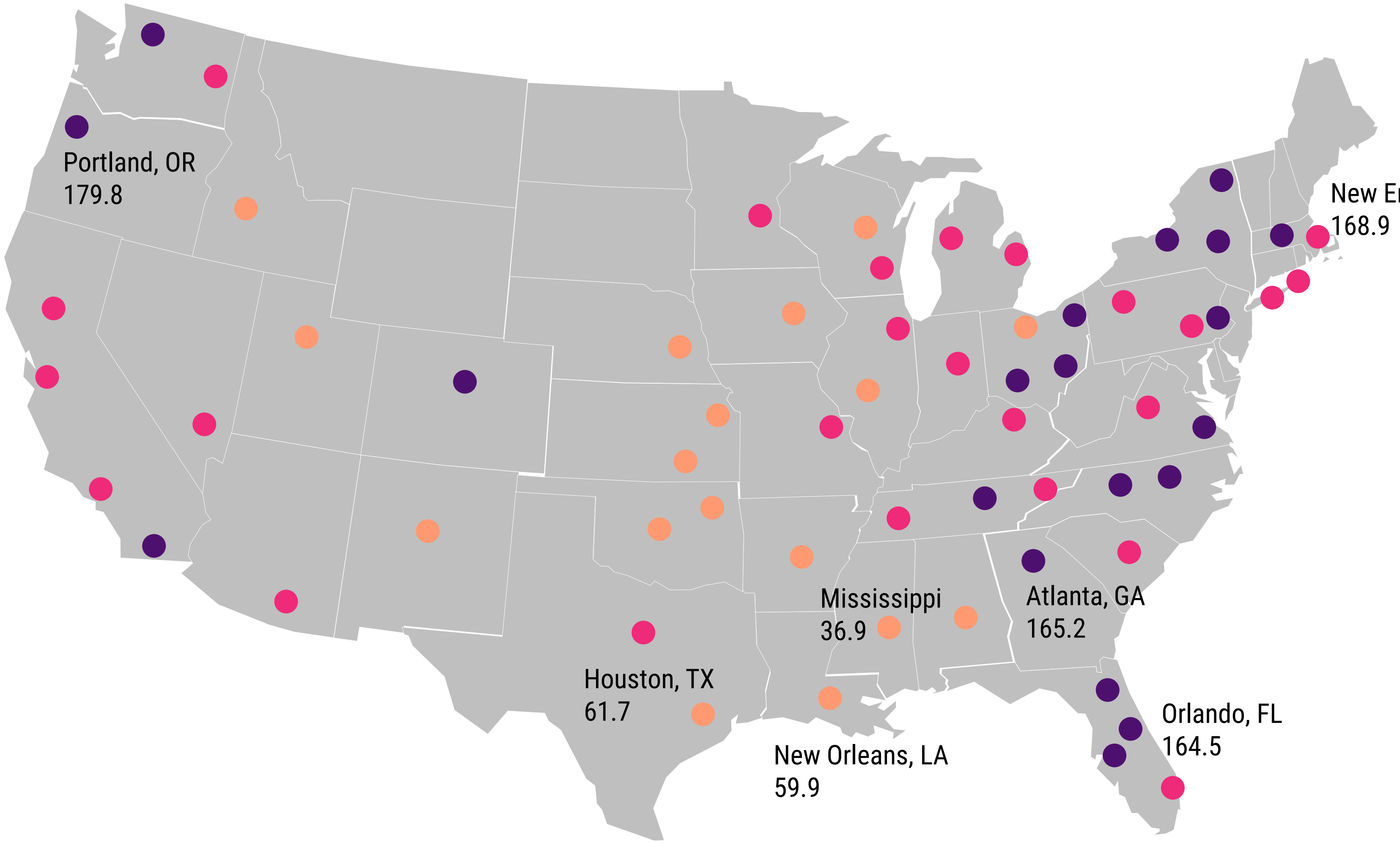
### Grab & Go Lunchmeat


**+1.8%**

Deli Service Lunchmeat
-6.4%

*Source: Circana, Integrated Fresh Market Advantage, total U.S. MULO, dollar sales % chg. vs. YA, L52W ending 8/11/2024*

# There's still room to grow across major markets in the U.S.




- High Adoption
- Medium Adoption
- Low Adoption

*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, L52WE 7/14/2024*

# The share of vegetarians remains consistent, even as people identifying as meat eaters increases

The share of people identifying as vegetarians/vegans has been ~5-7% for 18 years. But in recent years, keto and carnivore diets have been trending on social media, leading to an **increase in the percentage of consumers identifying as meat eaters**.

**80%**

**Meat Eater**

+6% vs. 2022

75%

**12%**

**Flexitarian**

-4% vs. 2022

58%

**7%**

**Vegetarian/Vegan**

+1% vs. 2022

70%

**1%**

**Pescatarian**

-3% vs. 2022

58%

**Best describes how you eat today*

*Source: Circana, 210 Analytics Annual Meat Conference, The Power of Meat, 2024 and 2022*

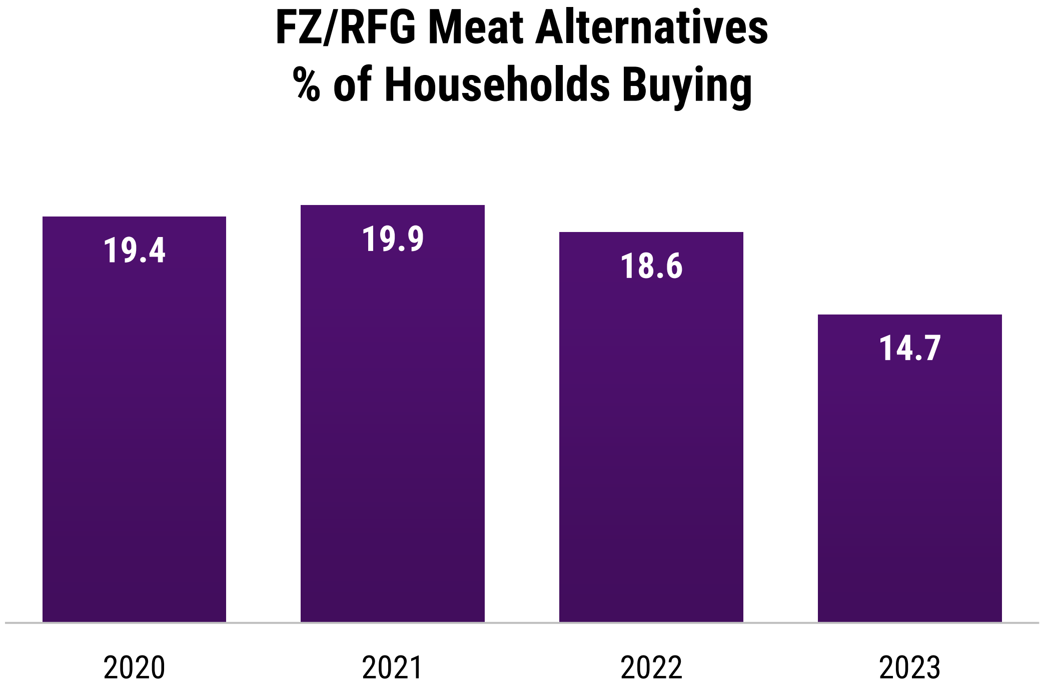
# Plant-based meat skews to millennials and Gen X households with higher incomes

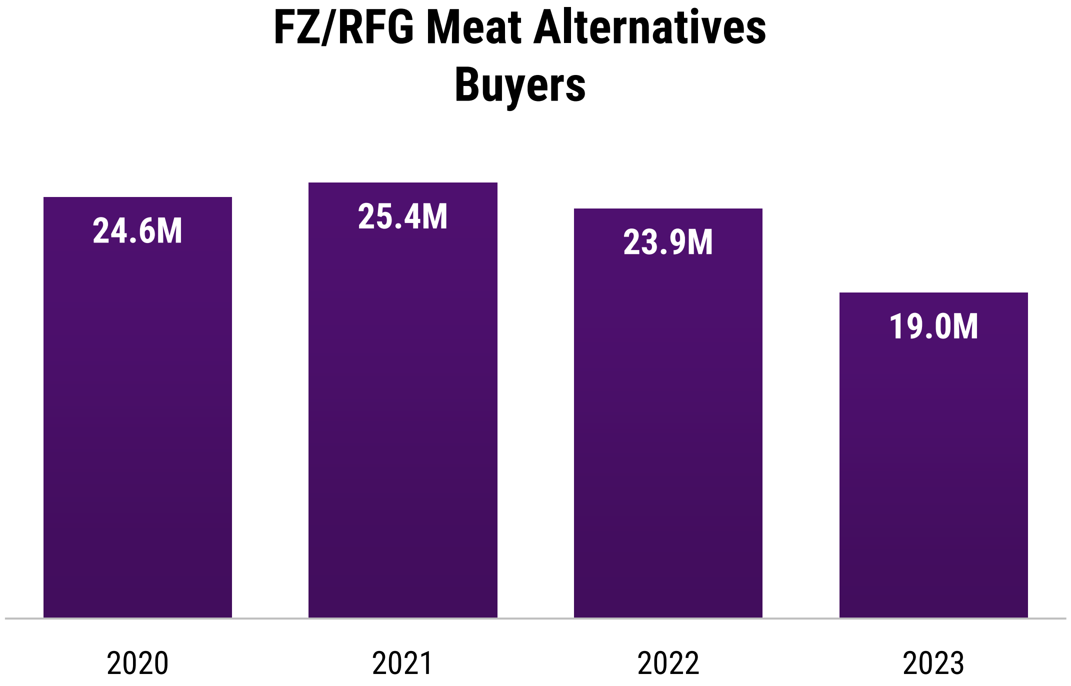
**Millennials**
Upper Income
African-American
Asian

**Generation X**
Males
45–54
Urban

*Source: Circana, Integrated Fresh Scan Panel; total U.S., all outlets, L52WE 7/14/2024*

# Meat alternatives' household penetration has declined, resulting in buyer loss and creating an obstacle for growth




*Source: Circana, Integrated Fresh Scan Panel; total U.S., all outlets, CY 2020, 2021, 2022, 2023*

# Meat substitutes are losing buyers faster than they are gaining new buyers, even as retained buyers are buying less

**15.1%**
TOTAL VOLUME
IS DOWN

## Buyer Migration for Meat Substitutes – Last 52 Weeks

**9%**
Volume From
**New Buyers**

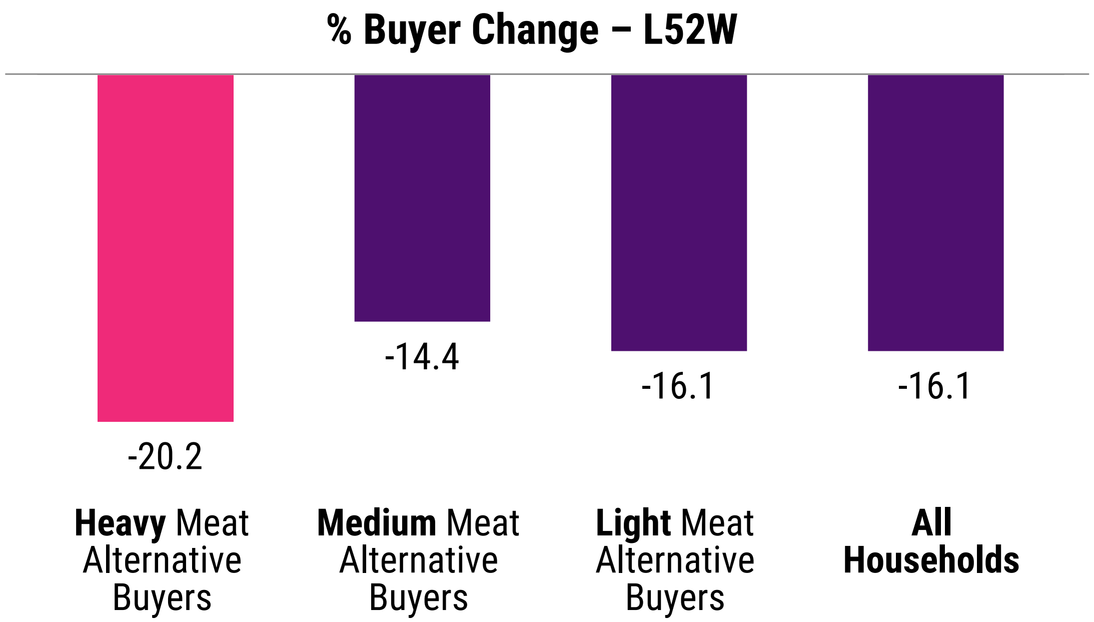
**91%**
Volume From
**Retained Buyers**
(-11%)

**13%**
Decline in Volume
From **Lost Buyers**

*Source: Circana, Integrated Fresh Scan Panel; total U.S., all outlets, L52WE 7/14/2024*

# Heavy meat alternative buyers make 4X more trips and spend 2X more per trip

This group is declining faster than any other buyer segment.




**Heavy** Meat Alternative Buyers

**20%** Total Buyers

**75%** Total Sales

*Source: Circana, Integrated Fresh Scan Panel Product; meat alternatives geography: total U.S., all outlets, L52WE 7/14/2024*

# Heavy buyers hold a higher dollar share across alternative categories

| Heavy Meat Alternative Buyers | Heavy Fresh Meat Buyers | Heavy Dairy Alternative Buyers | Heavy Alternative Milk Buyers | Heavy Refrigerated Milk Buyers |
|---|---|---|---|---|
| PERCENTAGE OF BUYERS | | | | |
| 19% | 19% | 20% | 20% | 21% |
| PERCENTAGE OF DOLLARS | | | | |
| **75%** | 58% | **70%** | 67% | 58% |

*Source: Circana, Integrated Fresh Scan Panel Product; meat alternatives geography: total U.S., all outlets, L52WE 7/14/2024*

# In the last 52 weeks, meat alternatives lost 2.9M buyers vs. YA

Frequent-purchase households are declining faster than 1X purchasers. Frequent buyers are spending more per trip and increasing purchase trips.

| % of HH Buying Total | % of HH Buying 1X | % of HH Buying 2X+ |
|---|---|---|
| **13.6%** | **5.2%** | **8.4%** |
| -2.4 pts | -0.7 pts | -1.7 pts |

| $ per Buyer | $ per Trip | Trips per Buyer |
|---|---|---|
| **$65.73** | **$10.43** | **6.3** |
| +3.8% | +2.1% | +1.7% |

*Source: Circana, Integrated Fresh Scan Panel; total U.S., all outlets, L52WE 7/14/2024*

# Cultivated meat is capturing investments and attention

**$3.1B** All-time investment in cultivated meats

**174** Cultivated meat and seafood companies

**17+** Cultivated meat and seafood facilities opened or announced in 2023

**$1.4B** Half of venture capital funding is held by 5 companies

BlueNalu | JUST | UPSIDE Foods | Mosa Meat | BELIEVER

*Source: Circana, https://www.labiotech.eu/bestbiotech/cultured-meat-companies/, https://agfundernews.com/preliminary-agfunder-data-point-to-78-decline-in-cultivated-meat-funding-in-2023-investors-blame-general-risk-aversio*

# #2

dollar growth meat alternatives brand in L52W was fermented meat alternative ***eat meati***.


*Picture: Meati's Mega Ranch, https://www.fooddive.com/*
*Source: Circana, Integrated Fresh Market Advantage, U.S. MULO, L52WE 6/16/2024*

# Future meat alternatives will deliver value through clean, quality, and innovative products rooted in key consumer trends

Simple and transparent

Taste and flavor forward

Innovative concepts

# Simple and transparent empowers meat alternatives consumers


## Ingredient Transparency

Focusing resources to shift the ultra-processed perception

## Meati Carne Asada Steak ingredients


Meati Steak (Mycelium, Less Than 2% Of: Salt, Natural Flavor, Fruit Juice for Color, Oat Fiber, Vegetable Juice for Color, Lycopene for Color), Seasoning Blend (Dehydrated Garlic, Salt, Sugar, Spices, Paprika, Dehydrated Onion, Cilantro, Olive Oil, Natural Flavors, Extractives of Paprika).

## Partnerships and Endorsements

Leveraging trusted and established associations' certified labels to build consumer confidence

*Source: Circana, Beyond Meat and Eat Meati Product websites*

# Taste and flavor-forward options provide elevated experiences


Capture buyers with **on-trend flavors** including ethnic offerings and proven restaurant favorites

*Source: Circana, July 2024*

# Innovative concepts provide value and drive premiumization

Plant-based on **fast food menus**

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Beyond Sun Sausage developed to **not replicate meat**

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MorningStar **co-branded** Pringles Chik'N Fries


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*Source: Circana, July 2024*

# Key takeaways

Meat alternatives is a large subcategory and remains a **billion-dollar industry**

**Retention of frequent buyers is critical to category success;** heavy buyers represent 75% of dollar sales

**Meat alternatives has bright spots** that are focused on quality, flavor, and convenience

Price positioning within the category can improve sales, but **value doesn't always mean price**

Future meat alternatives will deliver **value through clean, quality, and innovative products** rooted in key consumer trends

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# Circana solutions

Learn more about how **Circana** solutions can support your business.

### Scan Panel

The best source for understanding consumer behavior below the brand level and across channels calibrated to POS truth.

### MULO+

The largest census-based POS coverage of CPG core channels.

### Complete Consumer

Circana's Complete Consumer gives you the most comprehensive understanding of the consumer. It covers nearly every product purchased across every channel, strengthening your consumer relationships and brand loyalty.

### Innovation Solutions

Powered by Hendry Market Structure™ Delivered Through Unify®, Circana's groundbreaking suite of solutions uses a predictive, shopper-defined framework for an unbiased view of the category and ongoing assessment of growth opportunities.

### Survey Solutions

Survey operates at the intersection of what people think and what they do, leveraging verified purchase behaviors and a comprehensive survey portfolio to better explain and anticipate people's choices.

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