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A 6.5% rise in shoppers help add £44.1m to category sales, taking it past the £350m mark

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What innovations are the major supermarkets bringing to the plant-based table?



Quick draw

As retailers up their game in plant-based, you have to be quick off the mark to win the battle for this ever-more influential consumer

Rachel Graham

There's no allowing for slow reactions in the world of plant-based. In the past two months alone, two of the big four have launched new ranges, alongside too many branded innovations to mention. For the winner of this quick-fire activity, there's plenty of growth to be had. Sales of meat-free and vegan items have shot up by 14.3% to £352.1m over the past year [Kantar Worldpanel 52 w/e 12 August 2018]. Outside of free-from, that makes it the second fastest-growing category in grocery in percentage terms.

That retailer ranges are spearheading this growth – own label is up 20.3% – is no accident. For this has been the year supermarkets have begun an all-out fight for the plant-based consumer. Tesco launched its 20-strong Wicked Kitchen range in time for Veganuary

(the number of SKUs has since doubled to include cakes, pies and desserts). Sainsbury's has unveiled a number of innovative products from BBQ jackfruit to mushroom-based 'shroomdogs'. Morrisons unveiled a range of frozen ready meals, nut cutlets and veggie burgers in September, shortly followed by the rollout of Asda's plant-based ready meals at the beginning of October.

It's not just the big four, either. Iceland has pushed its No Bull range, most notably including the 'bleeding' burger that became

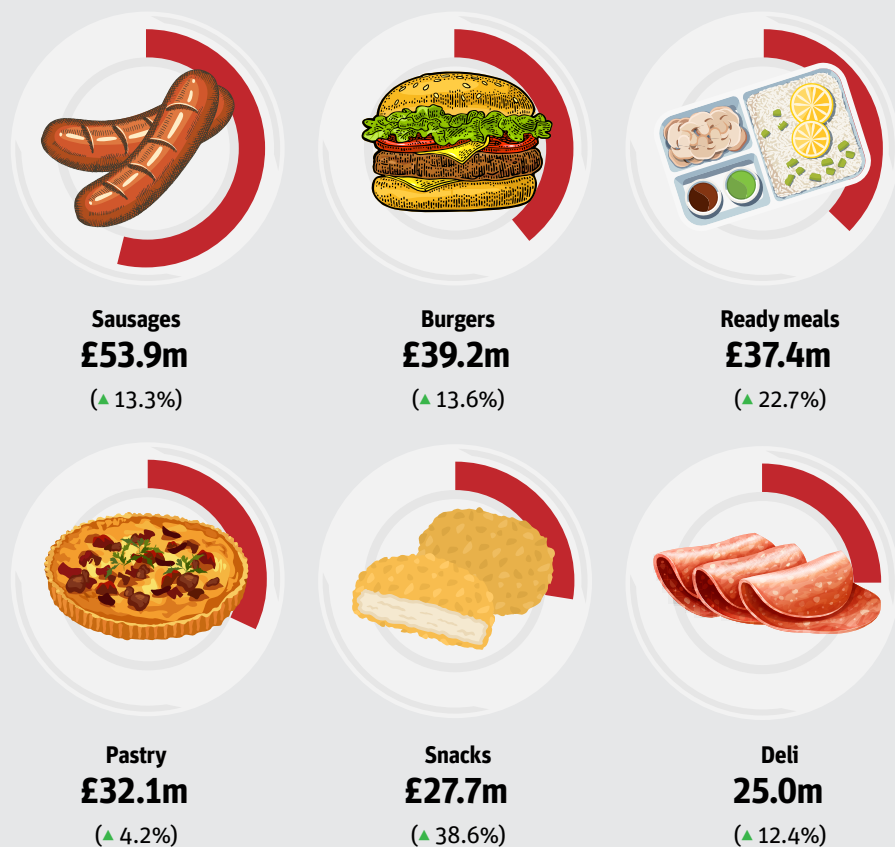
“Over 90% of vegans felt there was a lack of plant-based snacking products on the market”

its bestselling product of the summer. Just last month, Waitrose debuted 30 own label veggie meals after reporting a 71% increase in sales of vegan and vegetarian products compared with 2017.

Consumer demand shows no sign of slowing. According to the Vegan Society, there were 542,000 vegans in the UK in 2016, representing a 360% increase over the previous 10 years. But it's not just an increase in veganism that's fuelling the plant-based trend. Consumer research by Mintel found 56% of UK adults eat vegetarian or meat-free foods, and 34% have reduced their meat intake, pointing to plenty of growth opportunities with mainstream consumers.

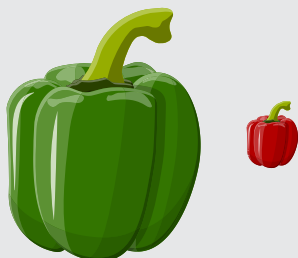
So who's winning the fight for the ever-more influential plant-based consumer? Which retailers have been quickest off the mark? And what will be the tactics for ensuring future growth?

Plant power: meat-free value sales



Brands vs own label

Branded
£278.6m
(▲ 12.8%)



Own label
£73.5m
(▲ 20.3%)

Source: Kantar Worldpanel 52 w/e 12 August 2018 For the full data, visit thegrocer.co.uk

- The meat-free market has racked up growth of 14.3%, which has added £44.1m to the category, taking it to £352.1m.
- This growth has been mainly driven by a 6.5% rise in shoppers. Shoppers now make 9.4 trips a year to buy meat-free products.
- The category is also seeing more full-price sales with over 60% of sales made not on promotion – resulting in a 5.1% rise in average prices.
- A sizeable 36.7% of sales were made on promotion.

Temporary price reductions remain the most frequently used promotional tactic, up 2.9%. However, x for y is becoming more important, representing 44% of promoted sales.

- Brands have nearly 55% share, but private label has also contributed to overall growth. Private label's growth is mainly driven by ready meals and meal

centres (non-carbohydrate products that make up the core of meals), which have seen growth of 30.8% and 43.3% respectively.

- Frozen products are still the biggest area in meat-free, with just over 56% share. However, chilled is growing at 20.9% – faster than frozen's 9% growth.
- Dilip Dhanjala & Cristina Noriega, Kantar Worldpanel**

KANTAR WORLD PANEL

The take-home snapshot is produced by Kantar Worldpanel. Kantar Worldpanel monitors the grocery retailer take-home purchasing habits of 30,000 demographically representative British households. Call 020 8967 0007 or visit www.kantarworldpanel.com for details

“We’re focusing on the Mediterranean style of eating, which means putting plants first”

Ⓔ In terms of share, there are two dominant players. Sainsbury's and Tesco jointly account for over half of the meat-free value sales through the supermarkets and discounters, overtrading and dwarfing other players [Kantar Worldpanel 52 w/e 12 August 2018]. They're continuing to press that advantage with value growth of over 15% each.

Battle of ranging

This success is partly linked to the size of their ranges. An analysis of retailer sites by E Fundamentals in September (p59) found Sainsbury's and Tesco had the largest number of vegan SKUs available, aside from Ocado (which hugely overtrades in the meat-free market). It may not be that way for long. Asda and Waitrose are close behind and are rapidly increasing their offerings, meaning there's still everything to play for.

Whoever wants to win that battle will have to pay attention to the quality of their range as much as SKU count. Looking at Kantar data (see left), it's clear some subcategories are growing much faster than others.

One area showing particular promise is vegan snacking, up by nearly 40% or £7.7m. “Research by the Vegan Society identified that over 90% of those following a vegan diet felt there was a lack of plant-based snacking products on the market,” says Nicola Yates, marketing manager at Fry's, whose range includes offerings such as vegan sausage rolls or chicken-style strips. “There has been shift in emphasis from offering a few easy options to genuine interest in new flavours and ingredients, offering a wider and more sophisticated selection of plant-based choices.”

Ready meals are another area that stands out. At a total level, this was the second fastest-growing sub-category by percentage, with a 22.7% rise. The growth was even more apparent in own-label ranges, whose value shot up 30.8% to net an extra £4.3m.

This demand perhaps stems from the fact vegan cuisine is relatively new to UK consumers, who may need a little guidance in putting together an entirely plant-based meal. Alpro UK & Ireland marketing director Vicky Bhattu explains it requires a change in mindset. “The traditional western diet starts with the non-plant element and adds things around it, whereas we're focusing on the Mediterranean style of eating, which means putting plants first,” she says.

Tough competition: number of vegan options by retailer

● Ocado, Sainsbury's and Tesco had the most choice in this analysis of online offerings, which looked at products that sat in the virtual vegan aisles or were described as vegan. These included vegan burgers, mince, sausages, ready meals and dairy alternatives.

● In terms of user experience, Iceland, Waitrose, Sainsbury's and Ocado all have dedicated vegan pages. However, there is generally an inconsistent use of key terms across retailers and the term 'plant-based' has not been incorporated.

● Retailers including Tesco, Morrisons, Ocado and Asda have introduced format-style language around frozen meat alternatives to allow shoppers to make occasion-based choices (segmenting the category into sausages, burgers, mince and ready meals). However, others

range them all together, meaning shoppers have to look through the whole range. This could mean shoppers turn to the search function to look for specific products.

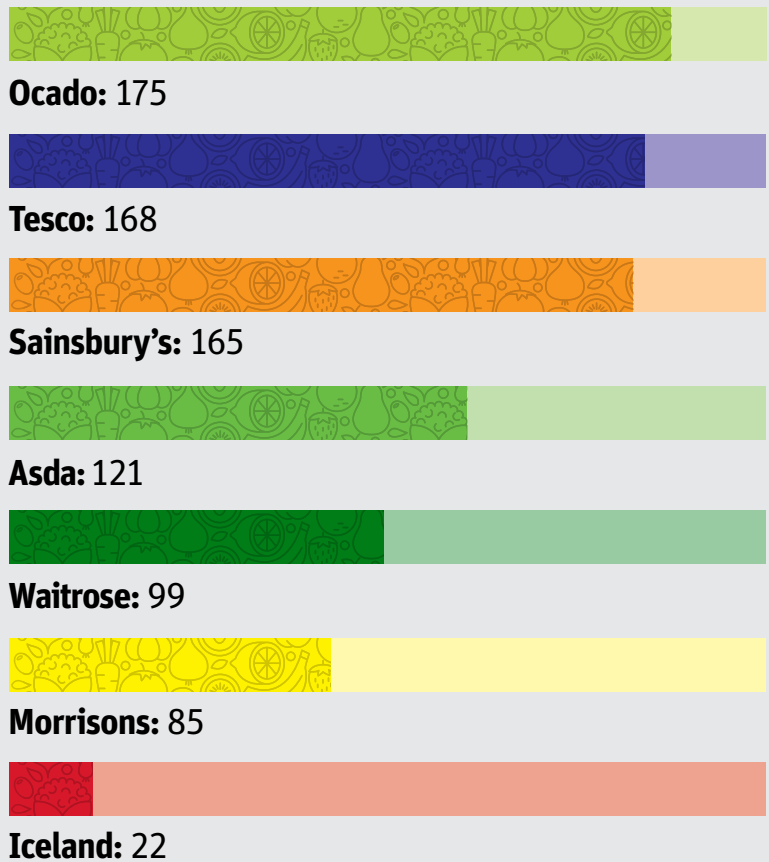
● Searching specifically for vegan products can return irrelevant search results rather than only returning specific results. For example, 35% of results for the term 'vegan mince' were meat-based or contained egg.

● Keeping the category clear is vital, as it can be difficult for novice vegan shoppers to identify vegan products if they aren't clearly marked on pack as vegan, or if the product name does not include the term 'vegan'.

**Helen Thomas,
E Fundamentals**

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Source: E Fundamentals, September 2018

⚙ The plant-based boom hasn't just required a change in mindset among consumers, though. Retailers have had to put a huge amount of thought into merchandising. At a first glance there seems to be little strategy from retailer to retailer, or even product to product. Sainsbury's, for example, launched Naturli Plant Based Mince straight into its meat cabinet earlier in the summer, but last month placed The Meatless Farm Co's burgers and mince into meat-free chillers. On the other hand, Waitrose partitions its vegan and vegetarian ranges in specialist sections of the store. As both retailers overtrade in meat-free and vegan sales, you could argue there is no right or wrong answer.

Yet the lack of united strategy could leave consumers confused, warns Tony Watson, director of Meat The Alternative. He'd like to see retailers place plant-based alternatives next to the meats they take inspiration from, to help capture the growing number of consumers who want to reduce their meat intake.

Many of the new wave of meat alternative brands agree. Beyond Meat recommends

retailers merchandise its Beyond Burger alongside standard hamburgers when it makes its debut in Tesco (news of the arrival date is expected next week). After all, at one Californian chain, the Beyond Burger became the bestselling patty in the meat cabinet, outselling beef and turkey burgers, according to executive chair Seth Goldman. Richard Harrison, commercial director at The Meatless Farm Co, adds: "Long term, we'd like to see our products in what would be reclassified as a protein aisle."

It's a view that doesn't sit quite as well with established players such as Quorn. "Our view is that the category needs a home to help people to shop it effectively," says marketing

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manager Alex Glen. "Almost half of the population are actively trying to reduce their meat intake, so having increased visibility for the space is massively important."

The most loyal plant-based customers also want that visibility. In September, the Vegetarian Society asked its social media followers whether plant-based products should be stocked alongside meat and dairy. The vast majority of respondents – some 78.9% – wanted vegetarian and vegan lines to be kept separate. Sixty per cent said they wouldn't want to visit the meat aisle, while 25.9% wanted to keep veggie food easy to find.

Richard Harrow, partner at private label consultancy IPLC, says there is also the issue of in-store impact. "Putting these products within the normal lineup appeals more to the flexitarian, which is the larger market," he says. "But when Iceland brought out its No Bull range, it did so with great authority by putting a six-foot cabinet of vegan products together – you can't miss it."

"Now, compare that with Tesco's Wicked Kitchen range, and you could be ➡



Tesco

Flagship range: Wicked Kitchen
Launched: January 2018

Tesco's flagship vegan range was co-created by brothers Chad and Derek Sarno – the latter of whom became Tesco's director of plant-based innovation in 2017 (p62). Launched to coincide with Veganuary, the range initially comprised 20 ready meals, pizzas, salads and on-the-go sandwiches and wraps. A further 26 SKUs will be added to the lineup before Christmas, including cakes, pies and desserts.

“The key challenge is finding the right formula built around taste and health”

⚙️ hard-pressed to find them in store unless you know what you're looking for as they often sit alongside other ready meals.”

Alongside merchandising, there is another pressing question for both retailers and brands to answer: consumer scrutiny. Despite the trend for 'dirty vegan' (p65), most shoppers are reducing meat to improve their health, the environment and animal welfare. Yet not all plant-based products will achieve these aims. A recent Action on Salt exposé on heavily processed meat alternatives found high salt levels. There is also growing scepticism over the environmental impact of soya farming, historically the main ingredient in meat substitutes.

“It's a similar trend to what we see in the gluten-free space – just removing gluten or meat isn't enough – people want the overall health profile of the product to be boosted, not simply replacing gluten or meat with processed fillers,” explains Nick Croft-Simon, co-founder and director of the White Rabbit Pizza Co.

“If the nutritional benefits of a plant-based meat substitute are there, consumers will opt for it, but the key challenge is finding the right formula built around taste and compelling health credentials.”

That means there may be a lot more interest in veg-based propositions, rather than meat alternatives with a long list of ingredients. “There is certainly a lot of interest in other proteins, like peas, which we're looking into ourselves,” adds Meat The Alternative's Watson. “It's not an allergen, but as an ingredient, it's significantly more expensive and unlike soy, doesn't deliver all nine essential amino acids you'd get from meat.”

Meat brands shake up the establishment

Even meat brands are getting involved. Yorkshire sausage maker Heck recently converted its old production plant into a vegan-friendly factory where it is producing a new range of veggie bangers filled with wholesome ingredients such as quinoa, spinach, cauliflower and green lentils.

This rise of these veg-based alternatives may explain why the typically more processed subcategory Kantar refers to as 'ingredients' – featuring the likes of tofu and Quorn minces – was one of just two in volume decline. (Although premiumisation kept it in healthy value growth of 6.9% to £73m.) ➡



Sainsbury's

Flagship range: Love Your Veg
Launched: June 2018

This vegetarian range launched back in June to complement Sainsbury's flexitarian Love Meat & Veg range. It saw a host of the supermarket's previously vegetarian SKUs reformulated to become vegan, including its 'next-generation' shroomdog duo, thereby boosting its vegan range by 10%.



Asda

Flagship range: Vegetarian
Launched: Spring 2017

Last month, Asda extended its Vegetarian range to include a number of chilled own-label vegetarian and vegan options. The ready meals and meat alternatives set the pace for another raft of NPD due in the new year. The retailer also has added to its food-to-go staples with a vegan Bubble & Squeak Sandwich in time for Christmas.



Morrisons

Flagship range: V Taste
Launched: September 2018

Morrisons' frozen vegan range is the start of a wider push in response to customer demand for more vegan options. The V Taste range made its debut in September, featuring a Coconut Katsu Curry Melt, Quarter Pounders and Sweet Potato Nut Cutlets, while future innovations are set to include a range of dairy-free cheese alternatives.