PLANT-BASED MEAT: THE BAMBI FACTOR

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In the US market, it appears that the initial excitement surrounding plant-based meat has subsided. Various plant-based meat formats, such as burgers and sausages, are experiencing a decline in net data revenue in 2023 compared to the previous year.

Even during the peak summer BBQ season, repeat sales of plant-based meat products have slowed down, giving carnivorous consumers an opportunity to reclaim their market share. Beyond Meat and Impossible Foods and others, have been heavily affected by the decrease in sales, leading to consolidation and even the disappearance of branded plant-based meat products from grocery shelves and fast-food menus.

Arguing with Emotion

A hidden factor behind the shift towards plant-based meat is the experience of young girls going through puberty. Marketing experts and financial analysts have previously overlooked this dynamic when explaining the rise of the plant-based category. As early as 2001, the author of this article (book "Soy Protein & Meat Formulations" by DuPont Protein Technologies) highlighted the correlation between girls entering puberty and their heightened sensitivity towards animal cruelty, often triggered by their first menstrual cycles. These girls tend to form an emotional association between the "redness of beef" and their own bodily changes, leading to a reluctance to consume meat, particularly beef.

Parents often find it challenging to discuss dietary changes and the elimination of meat with their pubescent daughters. It often is a "Mission Impossible", so to say! Logical arguments fail to resonate, especially when emotions come into play. The empathy felt towards animals being killed for consumption is a perspective that cannot be easily countered with intellectual reasoning. This significant phase in a young girl's life is now referred to as "The Bambi Factor." While some girls outgrow these emotions, a considerable number permanently switch to plant-based meat and continue these dietary preferences into college and adulthood.

During this period of transition, the girls' mothers also start empathizing with the rationale against animal cruelty to maintain a bond with their daughters. Interestingly, many of these girls do not exhibit the same emotions when consuming meat that is not visually identifiable, such as in burritos, lasagna, or pizza toppings.

The Bambi Factor poses a challenge for the (red) meat industry as it erodes a significant consumer base. On the other hand, for plant-based meat companies, it presents an opportunity for marketing to build long-lasting awareness and establish strong relationships with their present and future consumers as these girls' progress in life.

Down from its Peak

Analyzing sales data reveals that the repeat purchase cycle for plant-based meat products is too long. This means that meat-free dietary choices have moved to the back of consumers' minds, resulting in a reduced inclination for routine or impulsive purchases. To support this point, let's examine the food preferences of American consumers in 2023:

- 78% are carnivores with little or no intention of changing their dietary behavior.

- 1% are vegans.
- 1% are vegetarians.
- 2% are pescatarians (consume fish).
- 8% prefer white meat only (often due to beef aversion).
- 9% are flexitarians (reduced meat consumption).

In 2023, the meat substitute market in the US is projected to reach around US$1.5 billion, nearly triple the value in 2012. While these numbers reflect impressive growth, the market has largely plateaued due to the reluctance of flexitarian consumers to regularly purchase plant-based meat products.

The price comparison between ground beef and plant-based alternatives, such as ground plant crumbles or mince used in burgers or sausages, still favors traditional beef. Although many shoppers claim to occasionally buy plant-based meat products, reality shows that most consumers prioritize their wallets over noble intentions related to reducing methane emissions and combating climate change.

Although products from Impossible Foods and Beyond Meat consistently perform well in taste tests, they do not significantly expand the category, especially as these brands penetrate deeper into retail and food service distribution channels. In the retail grocery sector, the main challenge seems to be the lower household penetration in relation to repeat purchase rates.

Due to multiple product extensions, including vegan pizza, crumbles, jerky, and fish alternatives, coupled with various food distribution channels, profitability for plant-based meat companies remains mostly negative. Even in the fast-food market, plant-based meat companies have yet to create a burger that truly stands out on the menu and entices carnivorous consumers to give it a try. The unsuccessful US launch of the McPlant burger serves as an illustrative example of how challenging it is to persuade carnivores to embrace a plant-based alternative.

Repositioning Strategy

Considering the overall food landscape in the US, approximately 20% of consumers are potential targets for plant-based meat products, which is a significant number that can drive sales. However, it seems that flexitarian consumers, pescatarians, and white-meat-only consumers are not loyal to plant-based alternatives but instead base their choices on price. More often than not, traditional animal-based foods win their preferences.

It appears that the "veggie burger" category has reached its saturation point, and plant-based meat companies cannot rely solely on this segment to significantly boost sales. Ultimately, the landscape of meat aversion does not necessarily translate into consumers being willing to pay a premium for the sake of the environment or presumed health benefits.

In retrospect, some plant-based meat companies aggressively expanded their product portfolios in both food service and retail markets to generate additional cash flow. Moreover, their rapid international expansion and pursuit of strategic prestige, as demonstrated by Beyond Meat's swift entry into 80 markets in 2019,

can now be seen as overambitious. These grand PR campaigns, often endorsed by influencers, have failed to overshadow the underlying demand issues faced by the overwhelming influx of plant-based meat products into the market.

Undoubtedly, the "plant burger" format remains the best and most cost-effective way to attract vegan, vegetarian, and flexitarian consumers. Burgers are perfectly suited for BBQ rituals during the bustling summer months and provide a familiar food experience without beef. Despite the temporary sales decline of plant-based meat, the arrival of a new generation of consumers will rejuvenate the category for dedicated consumer segments.