FDReviews

UK Market Discovery Webinars:

The UK Plant-based Market

March 27th 2023

REVIEWS

Food & Drink Product Development Support

In partnership with:

FOOD FROM DENMARK

What we will cover…

What is the demand for this market in the UK and how does this market perform? What is the size of this market?

- What are the main categories within plant-based products in the retail sector?
- Consumer preferences and trends. What is driving plant-based trends in the UK?
- What are the challenges? Pricing? Taste?

How to prepare to enter the UK market

- How to know if the product is suitable for the UK market? How to gain expert advice on this?
- Case Study: we show how one Danish company's product was reviewed to enter the UK market
- Discussion

Stephen Minall
Co-founder
FDReviews

Kelly Dowson
Managing Director
F!S Group

Al Overton
Ex Buying Director
Planet Organic

The UK Market Overview in 2023

- Market much more open post-Brexit
- 6th largest Economy in the world
- Very diverse customer base (6% Ethnic background)
- Consumer comfortable with international products
- Tariff Reductions
- Online/E-Commerce Opportunities
- Food Service opportunities

- UK supermarkets have 'dialing ' back on new products

Stephen Minall
FDReviews / Moving Food

UK HFSS Regulations – Affected Products

- Soft drinks with added sugar / Juice drinks with added sugar
- Milk drinks with added sugar / Crisps and savoury snacks
- Breakfast cereal / Chocolate confectionery / Sugar confectionery
- Ice cream / Cakes / Sweet biscuits / Morning goods / Pudding and dairy desserts
- Yoghurts / Pizza / Chips and potato products / Family meal centres
- Ready meals / Breaded and battered products / Main meals (out-of-home)
- Starters, sides and small plates (out of home)
- Children's meal bundles (out of home) / Sandwiches (out of home)

UK (& Global) Ingredient Trends

- **Enhanced Health & Wellness**
  "You are what you eat" – Covid-19 demonstrated immunity support can come through diet.
  Focus on health remains high - as raised awareness of the sugar, salt and fat in our diets drives obesity growth and illnesses

- **Great Taste**
  The ultimate reason to purchase is Great Taste. If it doesn't taste great, the repeat purchase will fail.

- AND ALL AT A LOWER PRICE - something needs to give to achieve this mix

UK (& Global) Ingredient Trends

- **Natural / Clean Label**
  Remains a key driver despite the cost of living crisis.
  Consumers still want shorter ingredient panels.
  Ultra processed ingredients remain in the spotlight
  Organic & Fairtrade – growing again. Consumers want to know what is in their product and how the supplier is treated.

- **Localisation**
  Sourcing foods & ingredients closer to home – knowing where your food comes from.
  Farm gate purchasing – farmers diversifying selling D2C (e.g. www.produceandprovide.co.uk/)
  Concerns around ESG and food miles – continue as a top purchasing consideration.

The UK E-Commerce Open Door

- Advice on Pack sizes re Retail Shelf Space
- Frozen Products
- Bulk lines
- Clearing House critical
- Trade Shows
- Online Shops
- E-Commerce - Ankorstores, Onbuy, Yumbles, Amazon and Shelfnow

Stephen Minall
FDReviews / Moving Food

UK Retail Universe

Total Grocery Market

Breakdown of retailers according to Kantar

Supermarkets
53.5%
(-1.1ppt)

Discounters
19.8%
(+0.4ppt)

Convenience
8.9%
(-0.8ppt)

Online
13.0%
(+1.8ppt)

High Street
5.0%
(-0.2ppt)

Source : Kantar WP Online Total Grocery Service 52 w/e 26th December 2021

FORECAST REVENUE BY SECTOR & GROWTH 2022 v 2021

Total Foodservice 2022 - £95.6bn

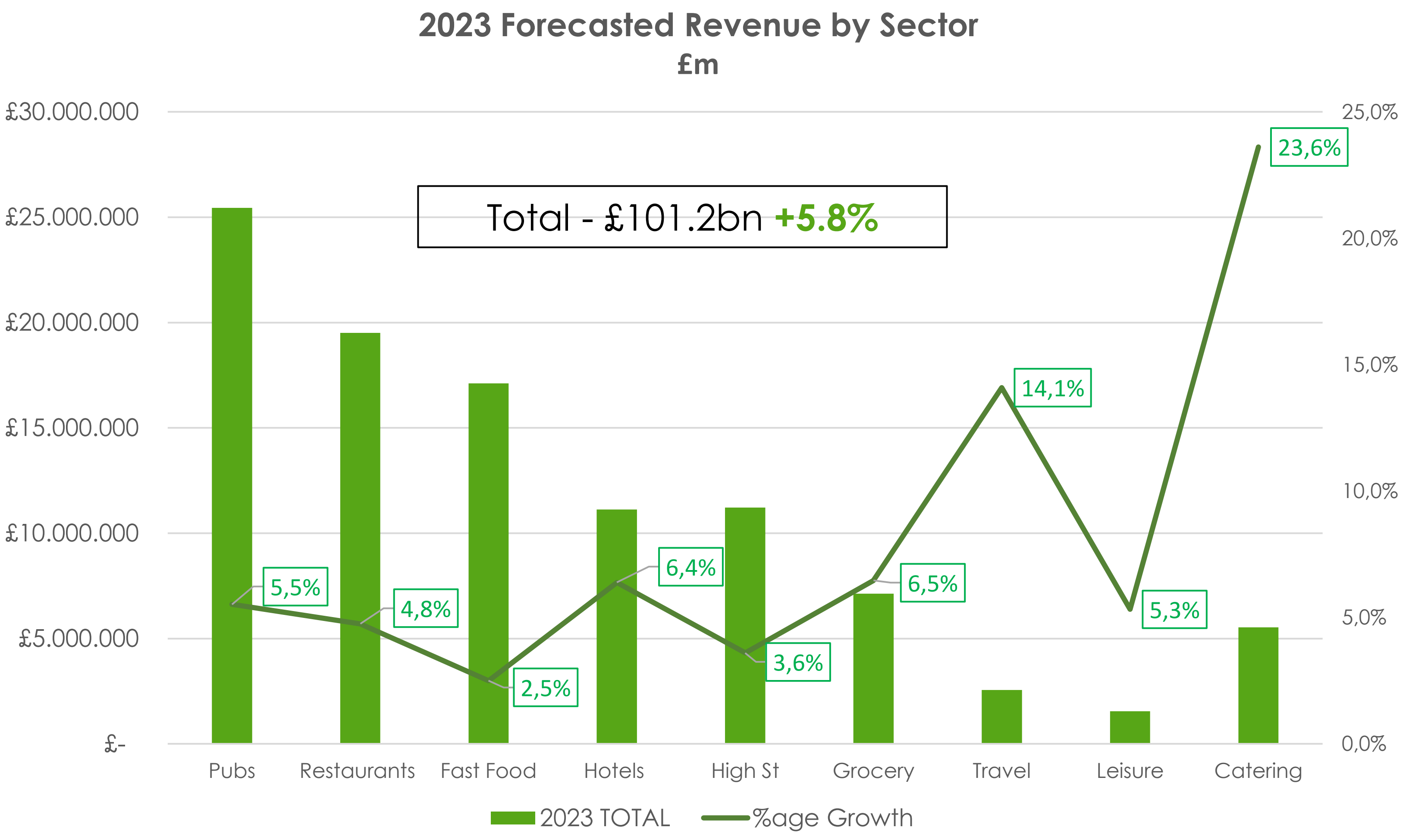
RESTAURANTS	FAST FOOD	PUBS	HOTELS	GROCERY FTG	HIGH ST.	TRAVEL	LEISURE	CONTRACT CATERING
£18.6bn (+31%)	£16.7bn (+8%)	£24.1bn (+36%)	£10.5bn (+40%)	£6.7bn (+23%)	£10.8bn (+16%)	£2.3bn (+66%)	£1.5bn (+51%)	£4.5bn (+25%)
BRANDED CHAINS	BRANDED TRADITIONAL	BRANDED & MANAGED	FULL SERVICE	SUPERMARKET FTG	COFFEE SHOPS	ROADSIDE & MSA	VISITOR ATTRACTIONS & EVENTS	BUSINESS & INDUSTRY
£5.3bn (+35%)	£5.9bn (+8.4%)	£10.0bn (+38%)	£9.2bn (+41%)	£1.25bn (+24%)	£4.4bn (+16%)	£0.2bn (+49%)	£0.5bn (+49%)	£1.5bn (+35%)
FINE DINING	BRANDED NEW	TENANTED & LEASED	BUDGET	CONVENIENCE STORES	SANDWICH & BAKERY	FORECOURTS	ENTERTAINMENT VENUES	EDUCATION
£0.9bn (+31%)	£1.5bn (+8.6%)	£2.6bn (+21%)	£0.6bn (+39%)	£5.35bn (+22%)	£4.7bn (+17.5%)	£1.2bn (+42%)	£0.6bn (+51%)	£0.9bn (+4%)
INDEPENDENT	TRADITIONAL DELIVERY	INDEPENDENT	B&B & GUEST HOUSES		DEP'T STORES / GARDEN CENTRE / SHOP CAFES	RAILWAY STATIONS & TRAINS	SPORTS & LEISURE	HEALTHCARE
£12.4bn (+28%)	£2.5bn (+8.6%)	£6.0bn (+27%)	£0.5bn (+38%)		£1.7bn (+14%)	£0.7bn (+117%)	£0.4bn (+53%)	£0.8bn (+3%)
	INDEPENDENT	SOCIAL CLUBS	HOLIDAY PARKS			AIRPORTS		STADIA & EVENTS
	£5.5bn (+7.9%)	£0.4bn (+46%)	£0.2bn (+39%)			£0.2bn (+114%)		£0.4bn (+41%)
	STREET FOOD	NIGHTCLUBS & CIRCUIT BARS						DEFENCE / JUSTICE
	£1.3bn (+8.3%)	£5.1bn (+52%)						£0.9bn (+3%)

UK FOODSERVICE MARKETPLACE

The UK Foodservice Market Revenues 2019- 2022

	RESTAURANTS	FAST FOOD	PUBS	HOTELS	RETAIL HIGH ST.	GROCERY FTG	TRAVEL	LEISURE	CONTRACT CATERING	TOTAL FOODSERVICE
2019	£19.4bn	£14.8bn	£25.2bn	£10.7bn	£11.0bn	£7.0bn	£2.6bn	£1.6bn	£5.8bn	**£98.1bn**
2021	£14.3bn	£15.4bn	£17.7bn	£7.5bn	£9.3bn	£5.4bn	£1.4bn	£1.0bn	£3.6bn	**£75.6bn**
%age share vs 2019	73%	104%	70%	69%	85%	77%	53%	64%	62%	**77%**
2022	£18.6bn	£16.7bn	£24.1bn	£10.5bn	£10.8bn	£6.7bn	£2.2bn	£1.5bn	£4.5bn	**£95.6bn**
%age growth vs 2021	+31%	+8%	+36%	+40%	+16%	+23%	+66%	+51%	+25%	**+27%**

2023 FORECASTS BY SECTOR GROWTH v 2022



2023 – stable growth with an outlook for modest growth for most, driven by economic factors, but each sector performs differently – hence the name of the report, 'The Next Era…'

- Inflation easing and growing disposable income
- Economy continuing to recover and grow
- City Centres rebuilding
- Inbound Tourism recovering

Sector Specific growth notes:

- Travel sees strong growth as international travel re-builds and rail usage increases.
- Catering [Contract] rebuilds very strongly, with increased office usage and corporate hospitality.

Total market grows by +5.8% over 2022

- Reaching a Total £101.2bn
- +3% vs 2019

Top Takeaways

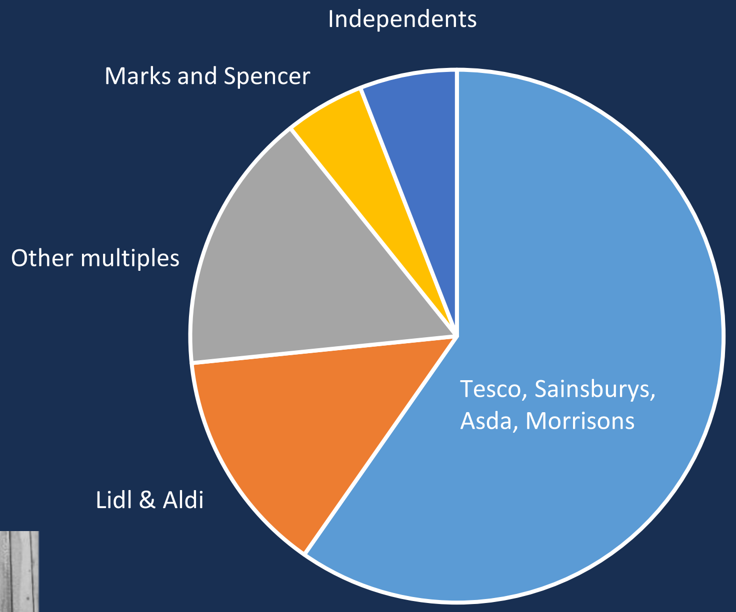
Stephen Minall

+44 7734 454252

stephen.minall@fdreviews.com

- Market is open and willing but slowing in traditional routes via supermarkets
- Labelling Compliance is fairly easy – but make sure its right
- Get your price point right
- Understand the category
- 6 Seconds to grab a consumers attention
- Understand what is on trend
- Look at omnichannel Retail/FS/Ecommerce/Manufacturers (ingredients)

A Market dominated by the Big Four and the Discounters…



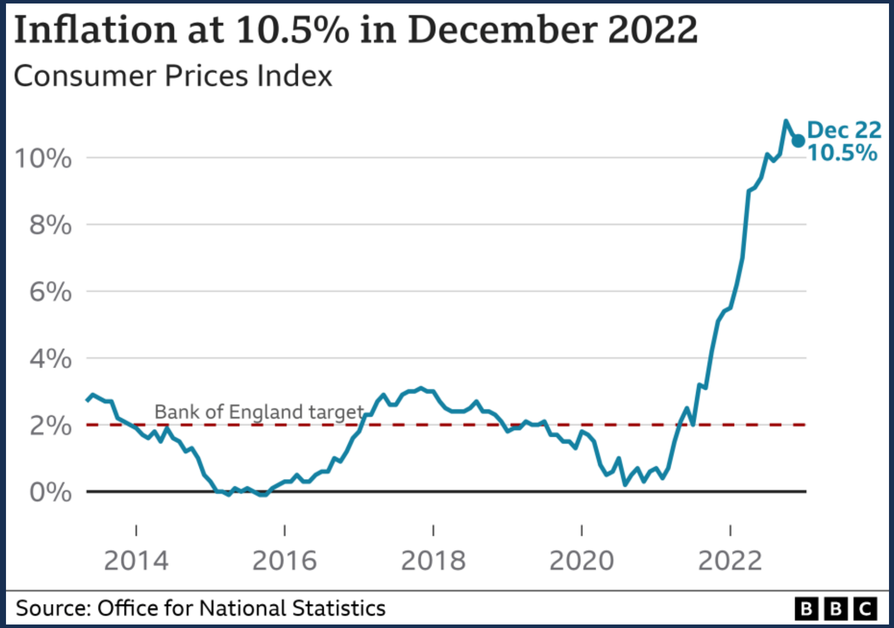
KANTAR **MARKET SHARE - TOTAL FOOD & DRINK**

Includes expenditure across Fresh & Chilled, Ambient Groceries & Frozen Food. Excludes Alcohol, Household, Toiletries & Healthcare

	4 weeks to 23 Jan 2022	Market Share	4 weeks to 22 Jan 2023	Market Share	% Change (year on year)
	£m	%	£m	%	%
Total Food & Drink	6,974	100.0%	7,448	100.0%	6.8%
Total Grocers	6,280	90.0%	6,729	90.3%	7.2%
Total Multiples	6,225	89.3%	6,679	89.7%	7.3%
Tesco	1,708	24.5%	1,784	24.0%	4.5%
Sainsbury's	936	13.4%	970	13.0%	3.7%
Asda	886	12.7%	920	12.4%	3.9%
Morrisons	634	9.1%	618	8.3%	-2.5%
Aldi	554	7.9%	711	9.5%	28.4%
Lidl	401	5.7%	519	7.0%	29.5%
Co-op	341	4.9%	363	4.9%	6.6%
Waitrose	344	4.9%	340	4.6%	-1.2%
Iceland	205	2.9%	223	3.0%	8.9%
Ocado	128	1.8%	137	1.8%	7.4%
Other Multiples	90	1.3%	94	1.3%	4.6%
Symbols & Independents	55	0.8%	50	0.7%	-9.1%
Total Non Grocers	694	10.0%	719	9.7%	3.6%
Marks & Spencer	338	4.8%	361	4.8%	7.0%
Total Bargain Stores	185	2.7%	190	2.6%	2.7%

Al Overton
Wonderland Ventures

Inflation overriding all trends and forecasts

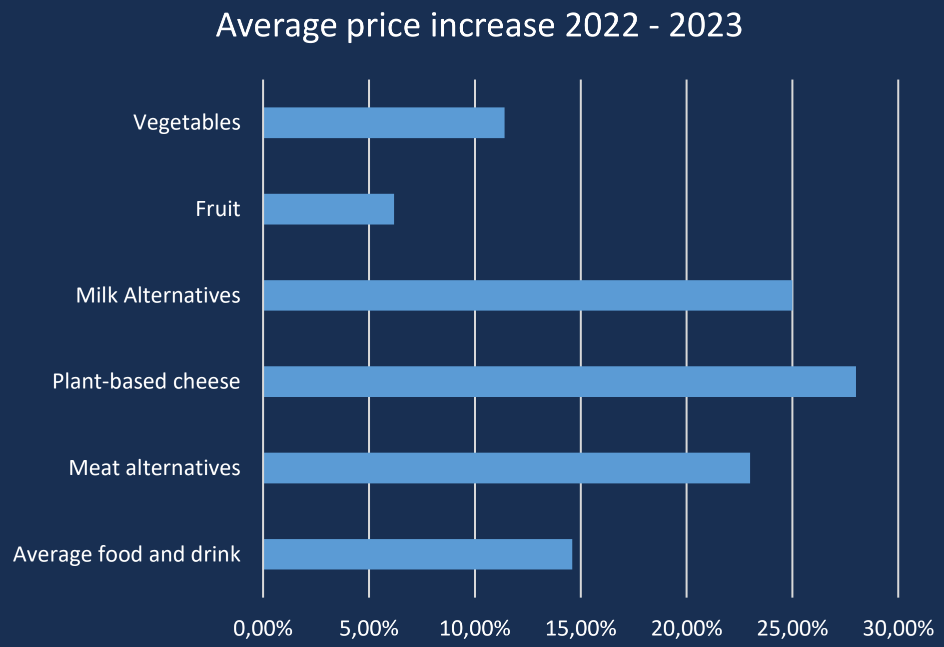


- Reducing cost of living is now the key reason cited for reducing meat consumption
- The discounters are seeing significant sales increases
- The big four are focused on price matching rather than innovation or inspiration
- Price concerns are likely to trigger "project reset" mentalities in the big retailers
  - Reduce range
  - Focus on costs
  - Reliance on established suppliers
  - Consolidation, not expansion

Al Overton
Wonderland Ventures

Plant-based suffering higher inflation?

A report from the British press in January shows plant-based brands price increases above average inflation…



- Are the retailers taking higher margins in destination categories?
- Were prices artificially low to entice consumers?
- Is this limited scale/pricing power within challenger brands/emerging industry?
- Whatever it is, it won't encourage uptake from increasingly price sensitive consumers

Al Overton
Wonderland Ventures

…and yet UK consumers are still looking to eat less meat and dairy

- 2% of UK consumers are now vegan
- 47% of adults either do not eat meat or are looking to reduce their meat intake
- 14% of 16–24 year-olds do not eat meat
- There are multiple influencing factors making continued growth more likely
- High profile vegan influencers are driving awareness

Al Overton
Wonderland Ventures

So what is really happening?

- The movement towards eating less meat and less dairy feels unstoppable
- Plant based is not one market – there are multiple consumer groups with multiple priorities across multiple categories
- In some categories it is still not clear what the consumer wants instead of meat
- Ver1.0 of meat alternatives has not worked
- Who is the customer? Most plant-based bacons are for people who DON'T eat bacon.
- There is a challenge between fresh and frozen
- After significant range expansion large retailers are becoming much more cautious, which will drive focus to own brand and existing suppliers

Al Overton
Wonderland Ventures

The meat alternative market is split across own brand, big corps and challengers

WICKED KITCHEN
PLANT PIONEERS - GROWN DELICIOUS -
TESCO Plant Chef

Birds Eye GREEN CUISINE POWERED by PLANTS
Quorn
MOVING MOUNTAINS
RICHMOND Our Own Irish Recipe SINCE 1889
LINDA McCARTNEY'S
BEYOND MEAT

THIS
LA VIE FROM PLANTS WITH LOVE
Heura

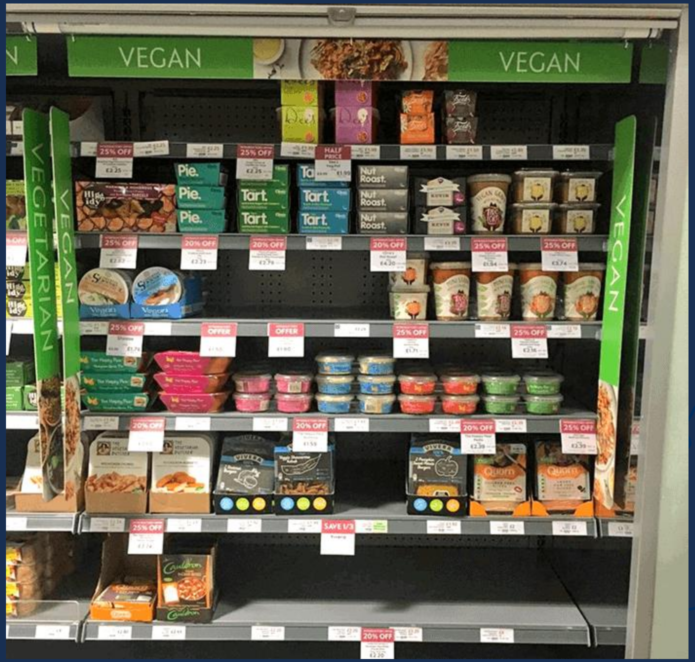
Al Overton
Wonderland Ventures

Despite own-label ranges the large retailers are still not good at plant-based

There are similarities between plant-based and free-from, and 13 years later the large retailers are still no good at free-from…

- Separate bays in store don't speak to the casual or flexitarian customer
- The large retailers are not set up logistically to incorporate plant-based ranges successfully
  - Different buyers
  - Different margin expectations
  - Different shelf lives
  - Different brands
  - Different KPIs

Al Overton
Wonderland Ventures



Small retailers bring opportunity, but with challenges…

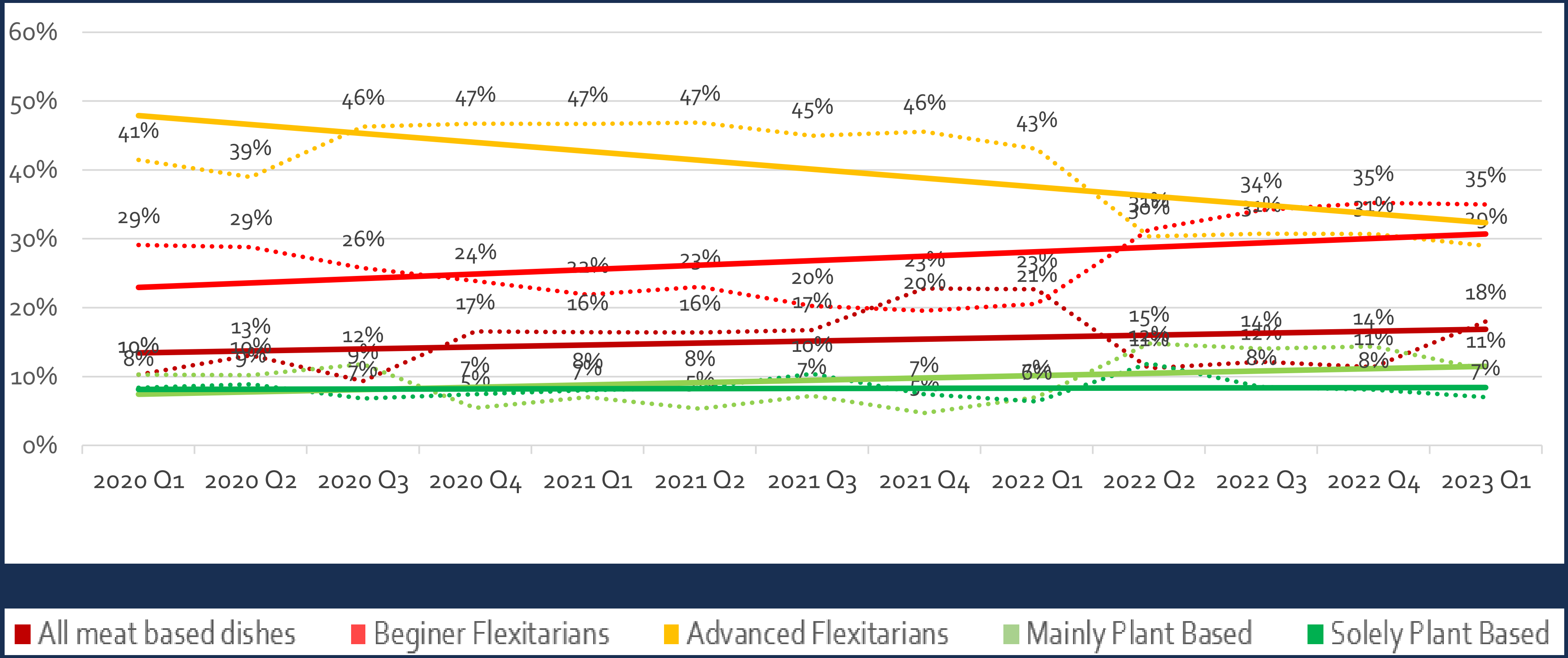
The independent food stores in the UK account for 1.4% of grocery sales, with an engaged customer but lack of infrastructure

- Independent stores have been ignored by all but the smaller challenger brands owing to a lack of scale – they are hungry for product
- They have a health/sustainability orientated customer who is happy to try new things
- Price is less of a factor
- There are few chains, and many single stores
- The industry is driven by wholesalers who add margin
- The stores have very little frozen space
- Talking to them is difficult
- BUT they are a great launchpad to test product, establish a brand and prove concept

Al Overton
Wonderland Ventures

UK Consumer Preferences and Trends

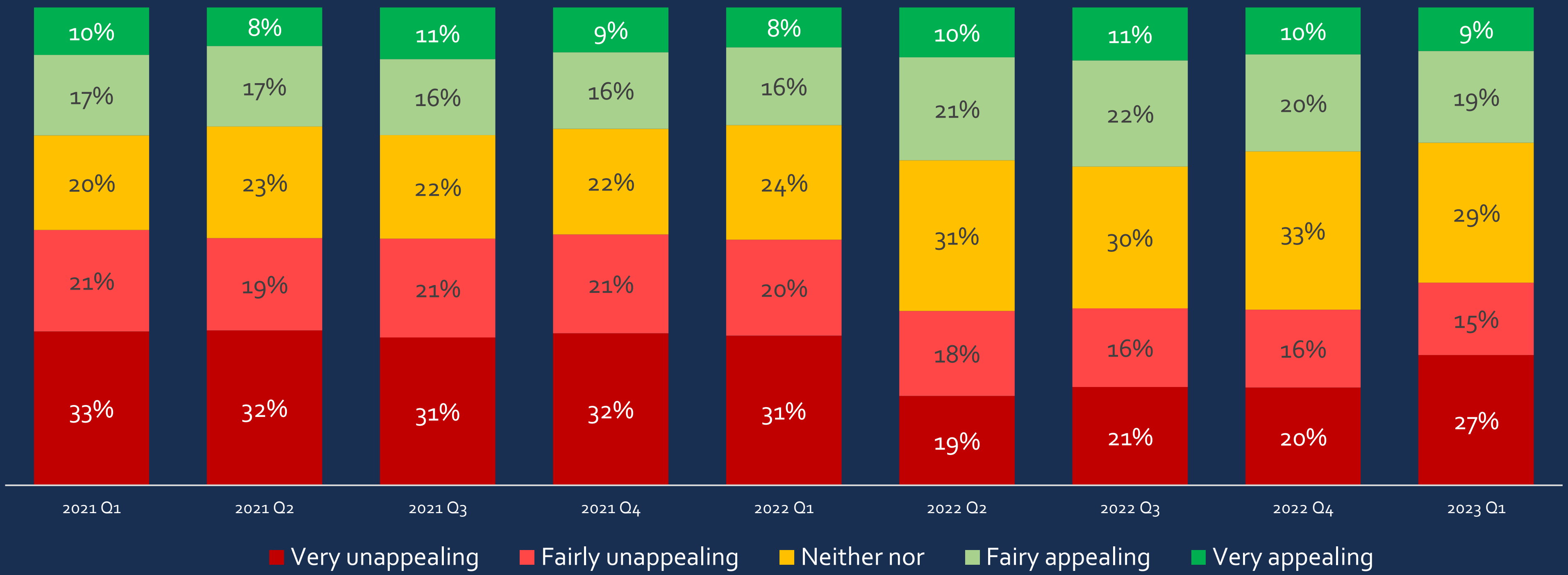
What changes are we seeing YOY? – Good Sense Research/tfp Future Food Tracker



Kelly Dowson
Food Innovation Solutions Group

Cellular Meat

Good Sense Research/tfp Future Food Tracker

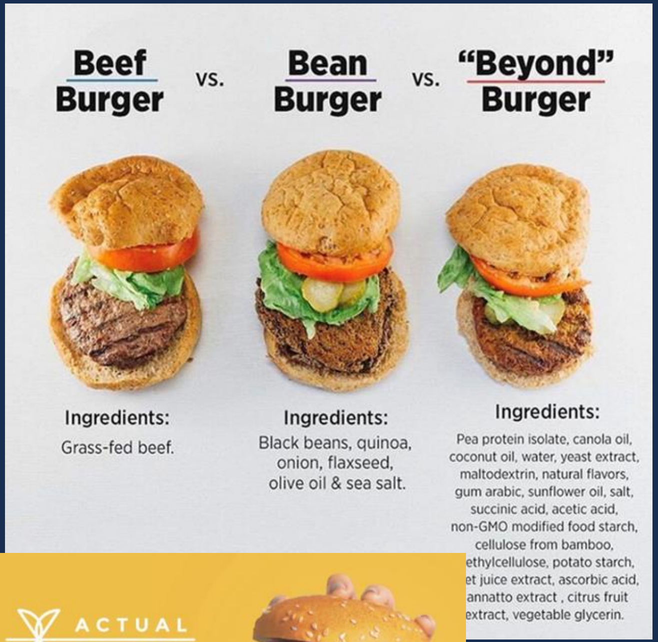


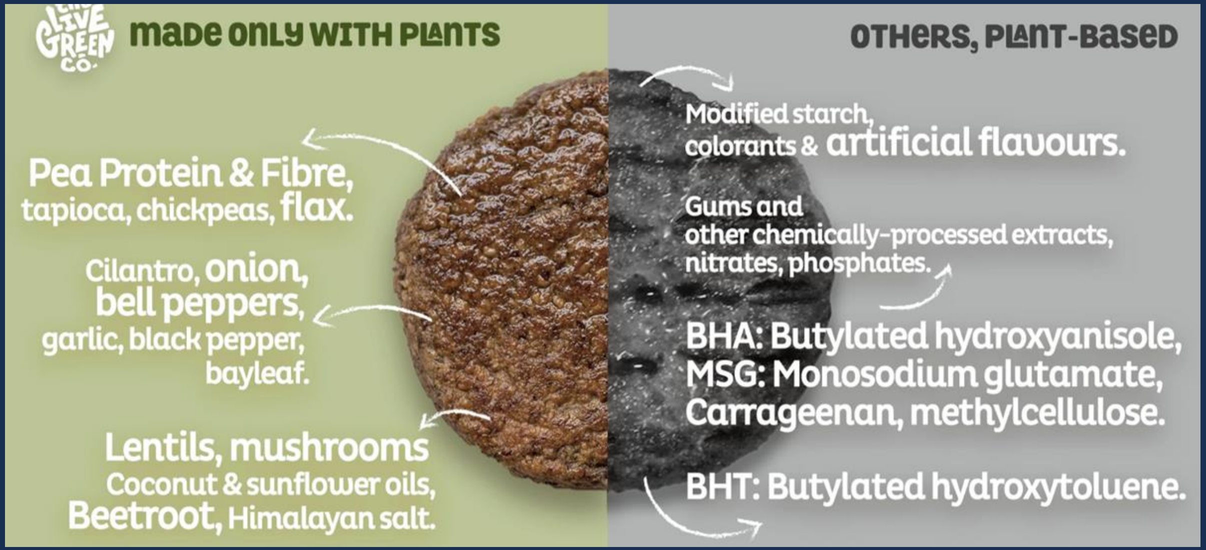
Kelly Dowson
Food Innovation Solutions Group

Day Part Optimisation – Availability & Variety

Kelly Dowson
Food Innovation
Solutions Group

Keep it Clean





Kelly Dowson
Food Innovation
Solutions Group

Taste & Texture are Key

- Dairy category is a conflicting category with consumers
- Cheese and dairy based deserts have work to do
- Milk is the hero and an example of alts done really well, not only without compromise but with added benefits

Kelly Dowson
Food Innovation Solutions Group

What to watch out for…

- All things Crispy
- Bake your own
- Energy savvy
- Tongue in cheek brands & concepts
- Freezer Fight
- Getting Saucy

Kelly Dowson
Food Innovation
Solutions Group

Things to Consider…

- Remember that only those that are 100% meat eaters are not buying into plant based and even those that do are a target
- Consider the price point of plant based in a COL living crisis
- Make it an easy without compromise even a better than choice
- Consider the back of pack, make it as recognizable as possible
- Consider the true environmental impact and communicate well
- Taste and flavour are is the key messages that needs to be conveyed in any plant based messaging, alongside the cost efficiencies / value
- Communicating the ‘additional health benefits’ of plant based foods such as vitamins and high fibre/protein is a key lever to drive engagement with consumers

Kelly Dowson
Food Innovation
Solutions Group

What is an FDReview?

- **We want to improve the quality and success rate of Food & Drink products available in the UK Market**

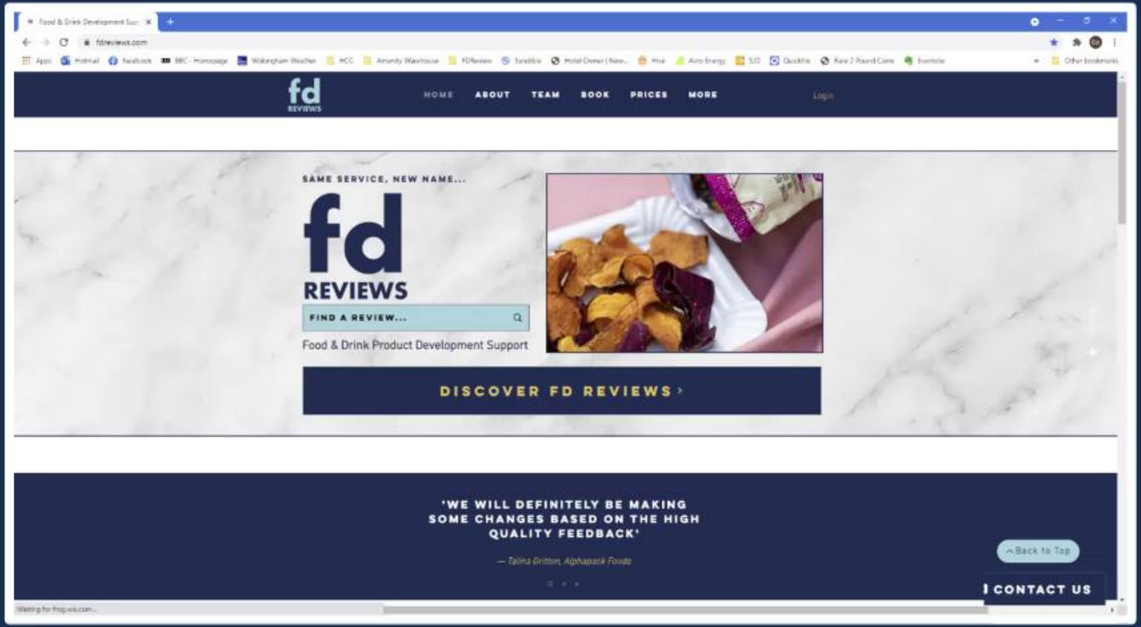
- FDReviews are video-based feedback reviews of Food & Drink Products by teams of industry experts

- We have 50+ experts with in-depth experience in UK market success and failure across a broad range of categories

- Creates the opportunity for food producers to get direct product feedback during development phase or **new market entry**

Stephen Minall@fdreviews.com

Short Sample Video:
Uhh-mami Flavourings
21st February 2023



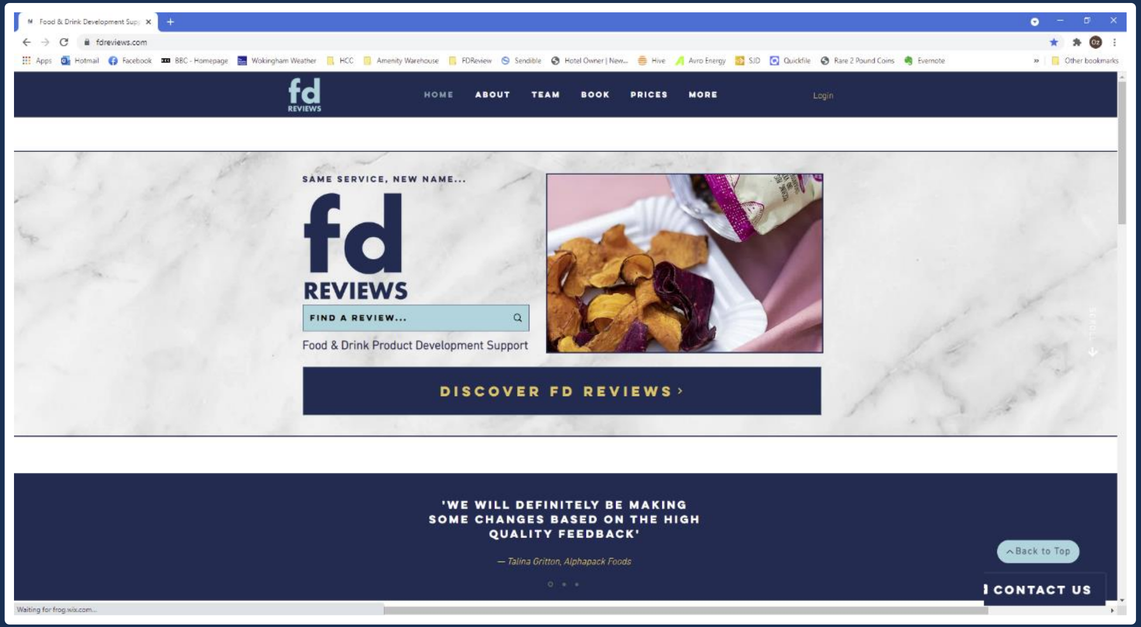
www.FDReviews.com

fd
REVIEWS
Food & Drink Product Development Support

FOOD
FROM
DENMARK

FDReviews Market Discovery Webinar

Q&A



www.FDReviews.com

fd
REVIEWS
Food & Drink Product Development Support

Stephen Minall
Co-founder
FDReviews

E: stephen.minall@fdreviews.com
T: +44 7734 454252

Kelly Dowson
Managing Director
F!S Group

E: kelly@fis-group.co.uk
T: +44 7788 551 526

Al Overton
Partner
Wonderland Ventures

E: al.overton@wonderlandventures.co.uk
T: +44 7528 402501

FDReviews.com