

# Veganism and manufacturing: M&A trends

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The proportion of UK consumers purchasing plant-based alternative food and drink products has near enough doubled in the last decade - the pandemic acted as a catalyst for even quicker growth with fear of a shortage of meat and dairy products and factory closures increasing vegan product sales.

At the same time, consumers were reportedly swapping to plant-based alternatives in an effort to boost natural immunity. With increasingly environmentally conscious consumers and growing investor appetite for plant-based R&D leading to significant opportunities for businesses.

This was reflected in the number of transactions in the plant-based sector, with deal volumes steadily increasing and all signs pointing to this trend continuing.

Fast forward to today and the plant-based environment certainly seems more challenging with regular instances of brands withdrawing or decreasing product ranges.

## Has the vegan bubble burst?

The answer is more complicated than the question suggests and is subject to many factors:

- rapid expansion led to an overcrowded market, with recent announcements possibly being a sign of the sub-sector “correcting” itself post-pandemic
- challenges have been made worse by the cost-of-living crisis with vegan products often being more expensive than meat or dairy alternatives
- supermarkets have increased their own branded vegan products which are often less expensive than their branded competitors
- the relatively new market is bound to see peaks and troughs as it establishes itself and stabilises

But it's not all bad news, Sainsbury's predicts that 50% of UK consumers will be flexitarian by 2025. A strong market still therefore exists and it is claimed that the global vegan market may be worth as much as £50bn by 2030.

Sales of vegan products are therefore still expected to rise over the long term however the increases in M&A activity may not be as explosive as many initially anticipated, with a greater focus from investors on innovative technologies.

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