

Nearly two-fifths of UK adults are discouraged from purchasing plant-based products due to cost, according to new report

15 January 2024

Consolidation in the plant-based food industry is expected to continue to increase as consumer habits are being driven by the cost-of-living crisis, according to new findings from a report conducted by Opinium, on behalf of UK & Ireland law firm Browne Jacobson. Companies now more than ever need to have a strategy to expand market share, innovate and diversify product portfolios.

Key findings of the report include:

- Almost two fifths of UK adults are put off buying plant-based products due to the cost.
- 54% of adults consider plant-based products more expensive than animal products.
- One in four (25%) UK adults feel there are fewer options for plant-based products in supermarkets this year compared to last year. Just over two fifths of those who are vegan (43%) agree and feel there are fewer plant-based options,

In the context of a slowdown in merger & acquisition activity amongst food & drink manufacturers, thought to be because of economic uncertainty, geo-political instability, and rising inflation, companies will need to have a strategy to expand market share and diversify product portfolios as well as investing in innovative technologies as digital and automated businesses offer higher productivity levels and are less impacted by persistent labour shortages.

Companies with a strong financial position and private equity investors may view this as an opportune time to acquire emerging plant-based brands, especially those with innovative products or strong market niches.

Manufacturers may also assess their pricing strategies, with cost being marked as a significant factor for consumers. Near two-fifths (39%) of UK adults claimed to be discouraged from purchasing plant-based products due to cost. This could mean exploring more cost-effective production methods, incorporating digital or automated processes, or focusing on products with higher price elasticity.

Paul Kirkpatrick, Partner and Head of the Manufacturing and Industrials Sector comments: *'Manufacturers should analyse product portfolios and assess now which categories are experiencing growth and which are declining. The cost-of-living crisis is clearly having a continual impact on consumer habits meaning pricing strategies must be analysed closely by plant-based food Manufacturers.'*

Cost should be carefully considered when expanding product ranges. Manufacturers should focus on strong market niches or innovative products here, to increase chances of achieving cut-through in the market.'

Sam Sharp, Senior Associate and Head of the Food & Drink group at Browne Jacobson comments: *'There is potential for increased M&A activity in areas of the plant-based market that are showing resilience or growth, such as indulgent categories or products offered by discount retailers. Companies might look to acquire or invest in brands that have successfully navigated the current economic climate or are aligned with consumer trends towards healthier and more sustainable options.'*

The survey was conducted over three days (from 24 – 28 of November 2023) to a nationally representative sample of 2,000 UK adults, weighted to Office of National Statistics (ONS) criteria. The built-in demographics were by gender, age, region and city.

Key contact



Kara Shadbolt

Senior PR & Communication Manager

kara.shadbolt@brownejacobson.com

+44 (0)330 045 1111