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PLANT-BASED PRICE PARITY

EXPLORING CONSUMERS' WILLINGNESS TO PAY FOR PLANT-BASED FOOD PRODUCTS



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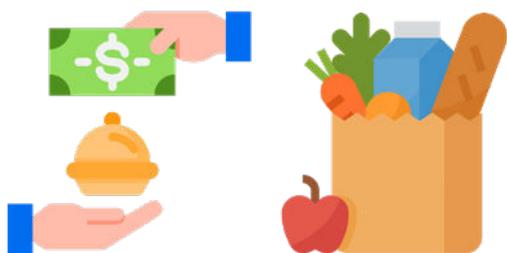
1. INTRODUCTION

When talking about plant-based foods, many consumers are already aware of the health and sustainability benefits. However, a key aspect that holds consumers back from purchasing plant-based products is the lack of price parity with conventional animal-based products. Research shows that price remains a key barrier for consumers when purchasing plant-based products, with 52% of consumers attesting to this in a consumer survey conducted by ProVeg as part of the Smart Protein Project.

With ongoing inflation and increases in the price of raw materials, the cost of living, including food prices, has increased tremendously in recent months. In particular, the price of meat has risen dramatically due to the large quantities of increasingly scarce raw materials needed for its production. However, plant-based alternatives have not been affected as severely as conventional meat and dairy. "We already knew from the previous study that there are often wafer-thin margins on meat products. Supermarkets try to attract customers by offering meat as cheaply as possible. Margins of around 8% are common, and sometimes meat is even sold below cost. Meat alternatives, on the other hand, have margins of 35% to 50%. Those higher margins may have acted as a buffer to absorb the price blows, while with meat, supermarkets had no choice but to raise prices. This could explain why meat has been hit so hard by price increases and plant-based substitutes have not," says ProVeg's Pablo Moleman.

Since price is a big factor in consumers' decision-making, it's important to understand how the prices of plant-based foods impact consumer's purchasing intent, so that food producers and policy makers can use various levers to adjust prices. This will help to determine how the different price levels of plant-based food products are perceived and how this affects consumers' likelihood to purchase.

ProVeg conducted a consumer survey in July 2022 in order to assess consumer perceptions and sentiments regarding the prices of plant-based products, compared to animal-based products. A total of 1,000 consumers in the UK, divided into five different groups of 200 people, were surveyed. Each group was given a different price for plant-based products (£2, £3, £4, and £5) and asked whether they would purchase an animal-meat burger or a plant-based burger.



1: Smart Protein (2021): What consumers want: A survey on European consumer attitudes towards plant-based foods. Country specific insights. European Union's Horizon 2020 research and innovation programme (No 862957) <https://proveg.com/what-we-do/corporate-engagement/consumer-atti>



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2. ABOUT THE SURVEY

The survey was conducted online in the UK in July 2022. It was completed by 1,000 respondents recruited via the Attest online platform. Respondents were asked for their feedback in relation to different prices applied to plant-based food products. We collected data in relation to several demographic categories, including age, gender, and educational background, setting quotas for age, gender, and dietary habits in order to ensure that the sample was representative of the general population and equally distributed with respect to these variables. The sample consisted of people who follow various dietary habits (see chart 1).

Research, editorial, and project team: Stephanie Jaczniakowska-McGirr, Ajsa Spahic, Laura Bermudez, Peter Machen. In collaboration with Chris Bryant & Euan Ross, Bryant Research.



Consumers willingness to pay for plant-based food



Online survey conducted in July 2022



1,000 participants



UK



51% female respondents
49% male respondents



omnivores
flexitarians
pescetarians
vegetarians
vegans



3. EXECUTIVE SUMMARY

Higher willingness to buy plant-based burgers at lower prices, compared to animal-based equivalents

Consumers were more likely to select plant-based burgers at lower prices than their meat equivalent. The price decrease appeared to bring additional customers into the sector and reduce demand for beef burgers. A price reduction from £6 to £2 for plant-based burgers, making them £1 cheaper than the animal-based option on offer, increased the likelihood of choosing plant-based burgers by a whopping 134% and decreased the likelihood of choosing beef burgers by 14%.



Increase in living costs challenge ethical buying decisions

The majority (67%) said that when there is an increase in living costs, they prioritise saving money over making ethical decisions. 40% of consumers stated that the increase in the cost of living has led to them cutting down on plant-based foods and purchasing fewer of these products. On the other hand, most people agreed that animal-based products form a significant part of their food expenses (53%) and that these are more expensive than whole-plant foods fruits and vegetables (49%).

Consumers say that plant-based food is too expensive and think there should be government subsidisation

Most of the respondents surveyed (70%) said that plant-based food is more expensive and harder to afford than animal-based products. The majority also said that the government should subsidise plant-based alternatives (59%), which would make these products easier to afford. Finally, 49% of the respondents stated that they would choose plant-based food products if they were cheaper than the animal-based equivalent.

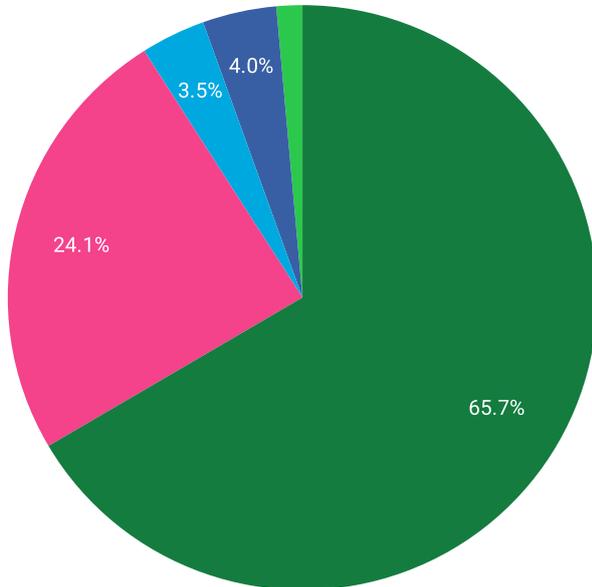
Consumers ask for the same price level for plant-based alternatives as animal-based products

23% of consumers said they thought that plant-based alternatives should be listed at the same price as the animal-based equivalent and that this would be the maximum they would be willing to pay for it. 24% of participants said they would pay more (between £3.5 – £6) and 18% said they would only pay less (between £1 – £2.5) for the plant-based option. In conclusion, the majority of consumers are willing to pay the same price for plant-based alternatives that they pay for animal-based products.

4. RESULTS

Eating Habits

Chart 1: Dietary lifestyle



- Omnivore (I frequently eat meat, such as beef, pork, chicken, turkey, fish and/or shellfish)
- Flexitarian (I sometimes eat meat, but I am trying to reduce my meat consumption)
- Pescetarian (I eat fish and/or shellfish, but no other types of meat)
- Vegetarian (I don't eat meat and fish of any kind, but I do eat eggs and/or dairy products)
- Vegan (I don't eat meat, fish, eggs, dairy products, or any other animal-based ingredients)

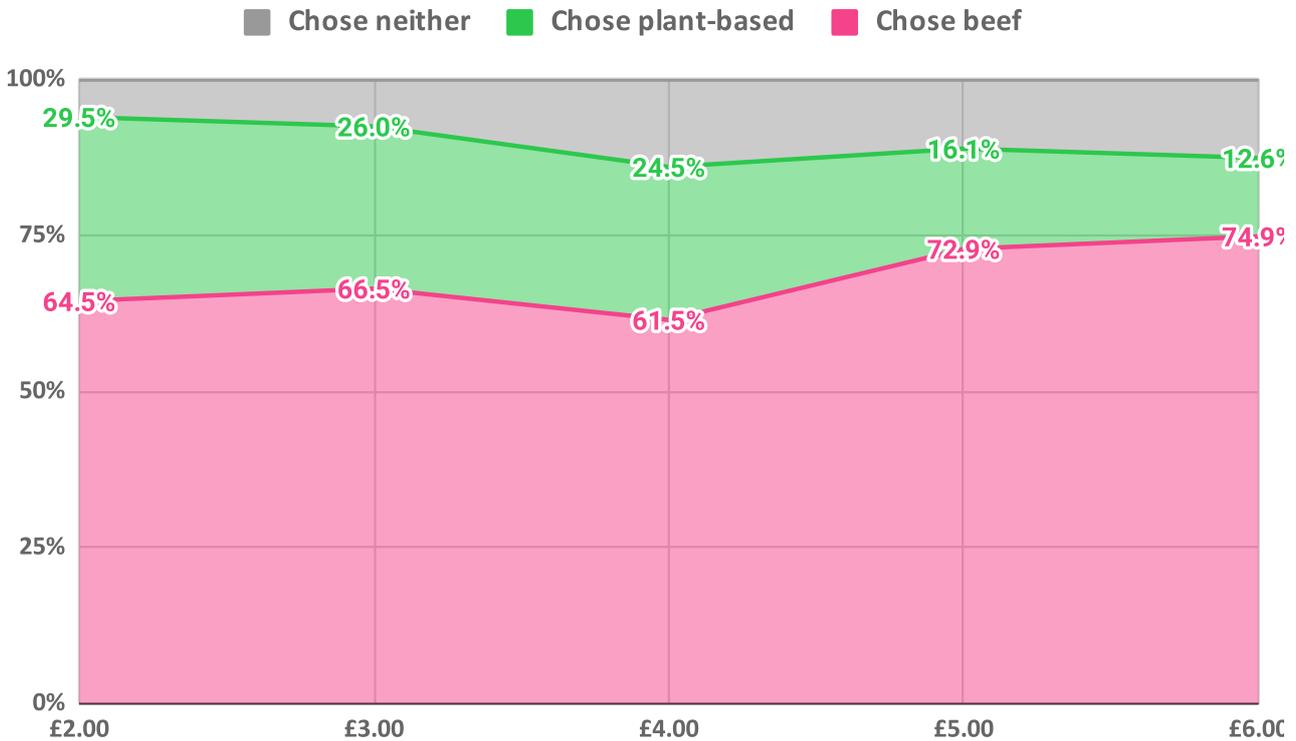
Question: How would you describe your eating habits?

66% of the participants described themselves as omnivores while 24% said they follow a flexitarian diet, meaning they are actively striving to reduce their meat consumption. 4% of people said that they follow a vegetarian diet, 4% stated that they follow a pescetarian diet, and 1% said their dietary lifestyle is vegan.



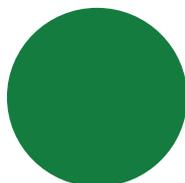
Higher willingness to buy plant-based burgers at lower prices, compared to the animal-based equivalent

Chart 2: Choice of plant-based or beef burger



Question: Please select which of the following you would choose to buy

In this question, respondents were asked if they would rather choose a beef or plant-based option, offered at a number of different price points. As expected, consumers were more likely to select plant-based burgers when they were listed at a lower price, with the price reductions seeming to bring additional consumers into the market, as well as reducing the demand for beef burgers. The price for beef burgers was consistently given as £3. When plant-based burgers were priced at £6 (more expensive), 75% chose beef burgers and 13% chose plant-based burgers. When plant-based burgers were priced at £3 (the same price as beef), 67% chose beef burgers and 26% chose plant-based burgers. When plant-based burgers were priced at £2 (cheaper than beef), 65% chose beef burgers and 30% chose plant-based burgers. This suggests that a price reduction in plant-based burgers from £6 to £2 increased the purchase of plant-based burgers by a substantial 134%, and decreased the purchase of beef burgers by 14%.

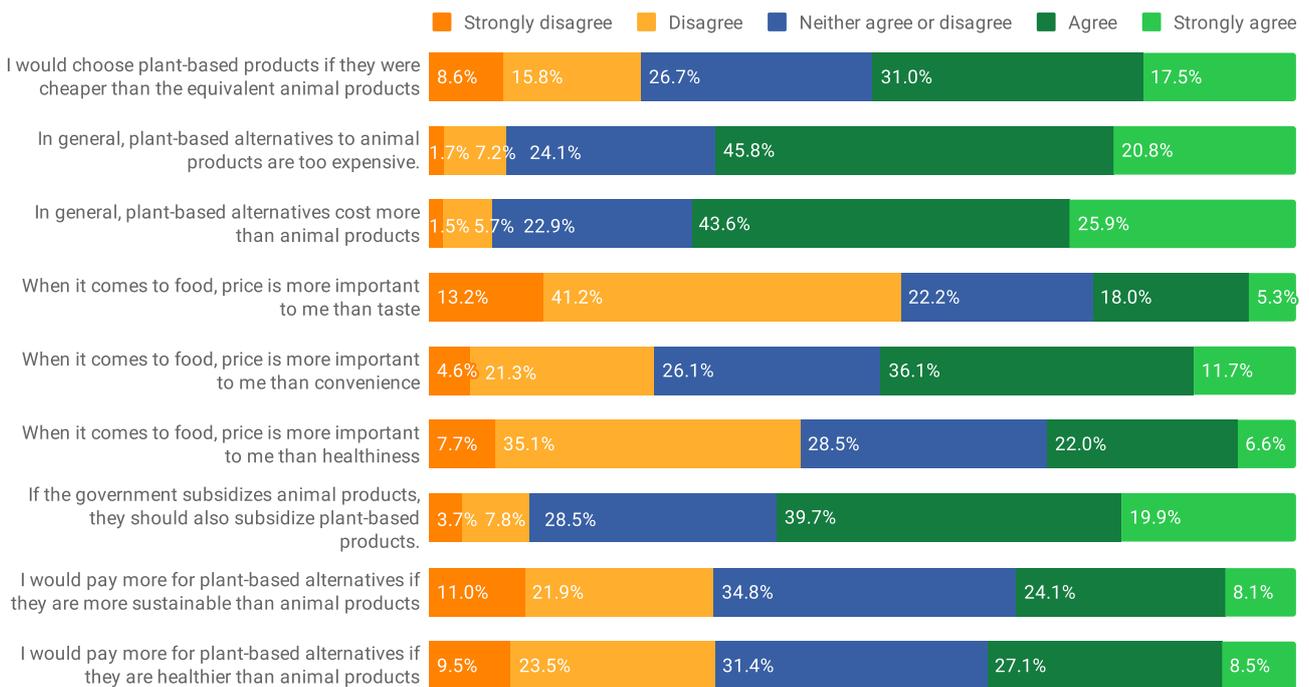


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Increase in living costs affects ethical buying decisions

Chart 3: Consumers' sentiment regarding food budgeting

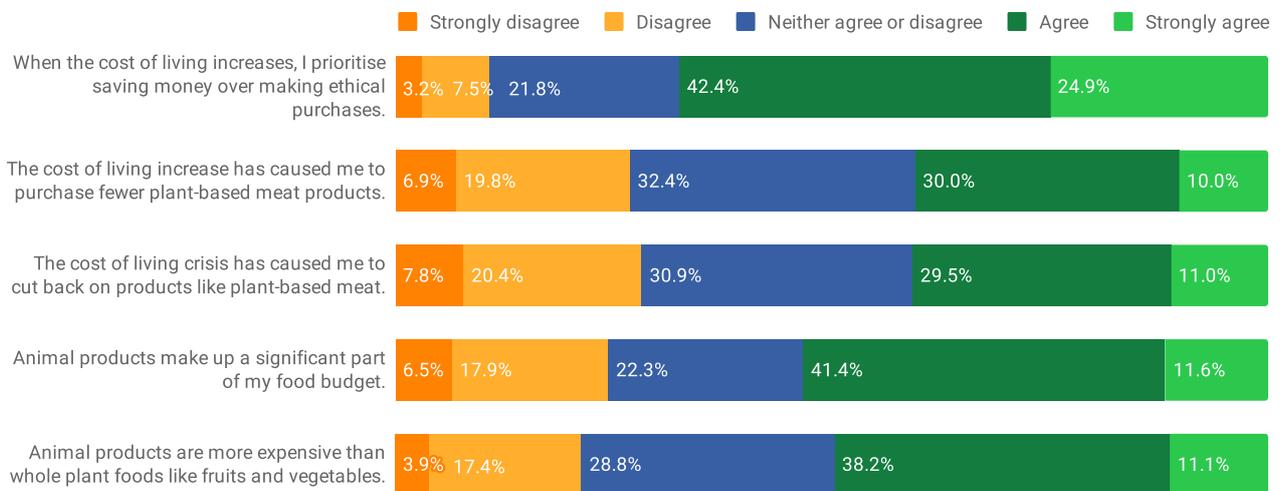


Question: To what extent do you agree with the following statements?

The above graph shows consumers' agreement with certain statements about their spending habits. 67% of consumers agreed or strongly agreed that they would prioritise saving money over making ethical purchases when the cost of living increases. 41% of respondents said that due to this increase, their ability to purchase plant-based meat products had decreased, so they had to cut back on plant-based products. 53% of respondents strongly agreed or agreed that animal-based products comprise a significant part of their food budget. Almost half (49%) of consumers stated that animal-based products are more expensive than whole-plant foods such as fruits and vegetables, meaning that many people are aware that a plant-based diet based on whole foods is cheaper than a diet that includes animal-based products.

Consumers think plant-based food is too expensive and think there should be government subsidisation

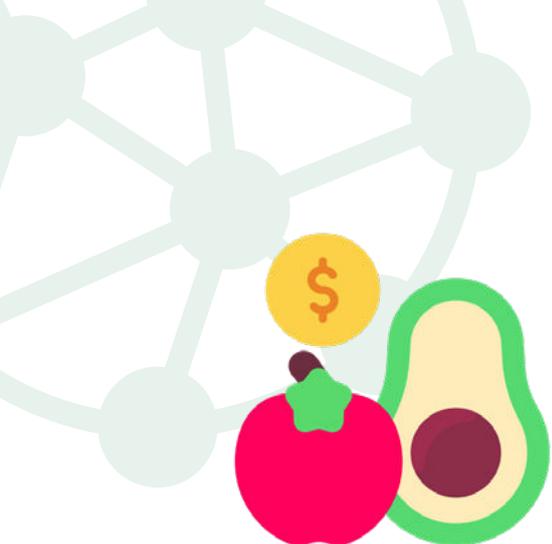
Chart 4: Consumers' sentiment regarding price of plant-based alternatives



Question: To what extent do you agree with the following statements?

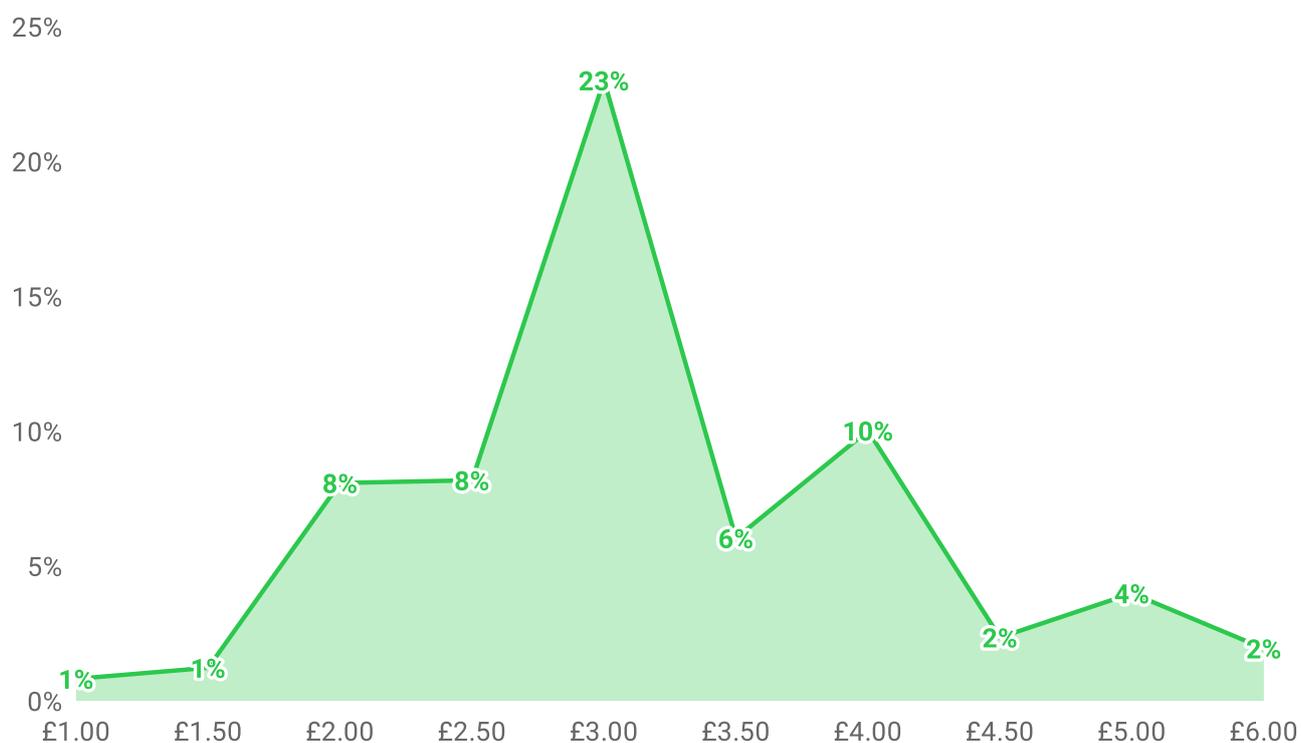
We asked consumers a variety of questions regarding the price of plant-based alternatives.

- ▶ 70% of consumers agreed or strongly agreed that plant-based food products generally cost more than animal-based products, which suggests that consumers perceive plant-based alternatives as being more costly and harder to afford.
- ▶ 67% of respondents said that, when comparing plant-based and animal-based products, plant-based products were too expensive.
- ▶ 59% of respondents said that if the government subsidises animal-based products, it should also subsidise plant-based products, which would make plant-based products more affordable to consumers.
- ▶ Almost half (49%) of participants said that they would choose plant-based products if they were cheaper than the animal-based equivalent, while only 23% said they would not, suggesting that price is a key barrier to plant-based consumption. 54% of people said that taste is much more important to them than price, meaning that they are willing to pay more money for food with a better taste.
- ▶ On the other hand, 48% of people said that price is more important to them than convenience, and 43% of respondents said that health is more important than price.
- ▶ Finally, many consumers were indifferent about paying more for more sustainable food products. 35% neither agreed nor disagreed that they would pay more for plant-based food items if they were more sustainable than animal-based products, while 36% strongly agreed or agreed. 33% of people disagreed or strongly disagreed with this statement, meaning that there are large numbers of people who are willing to pay more for sustainable products, while there are also people who say that the price of a food product outweighs the sustainability factor.
- ▶ Regarding health, 36% of people said they would be willing to pay more for plant-based food products if they were healthier than animal-based products.



Consumers ask for the same price level for plant-based alternatives as animal-based products

Chart 5: Highest price that consumers are willing to pay for plant-based burger patties,



Question: Given the price of four beef burger patties at £3, what is the most you would pay for four plant-based burger patties?

In the last question, consumers were given the price of four beef burger patties at £3 and asked what would be the most they would be willing to pay for four plant-based burger patties. 34% of consumers said they would not buy plant-based burgers in general, many stating that they prefer a wholefood diet based on fruits and vegetables or that they do not consume meat substitutes. 23% of consumers said they would pay the same for the plant-based option, stating that they think alternatives should be priced at the same price as the animal-based equivalent. 24% of participants said they would pay more (between £3.5–£6), and 18% said they would pay less (between £1–£2.5) for the plant-based option.

5. RECOMMENDATIONS



Consumers want to know what they are paying for. **Communicate the value of your product and what the buyer is investing in** – their health, the environment, animal welfare, great taste, etc.

When producing a plant-based food product, try to **keep the price of the product as low as possible**. This can be done by using plant-based ingredients that are low in cost but still high in nutritional value, such as beans, lentils, peas, oats, etc.



If your company wants to produce innovative, plant-based food products, **invest in research and development and process management** in order to find a way to manufacture your products in a way that makes them as affordable as possible to the end-consumer.

If your products contain expensive, high-quality ingredients or require a costly production process, **explain to consumers how the price is determined**. By communicating in a transparent and authentic way, consumers will gain trust in your brand and be more willing to pay the price you set.



Offer occasional discounts or promotions, which give back to the consumer or the community. By building brand loyalty and communicating the added value of your product, consumers will be more willing to purchase your product.



6. ABOUT PROVEG

OUR VISION

A world where everyone chooses **delicious and healthy food** that is good for **all humans, animals, and our planet.**

OUR MISSION

Reducing the global consumption of animals by 50% by 2040.

In order to achieve this, we work with mission-aligned companies and offer them support in three key areas:

REPUTATION | REVENUE | IMPACT

WHO ARE WE?

ProVeg is an international food awareness organisation working to transform the global food system by replacing conventional animal-based products with plant-based and cultured alternatives.

ProVeg works with international decision-making bodies, governments, food producers, retailers, investors, the media, and the general public to help the world transition to a society and economy that are less reliant on animal agriculture and more sustainable for humans, animals, and our planet.



WHO DO WE WORK WITH?

As a leading NGO in the alternative-protein space, we have no commercial agenda. This allows us to provide objective expert advice and help support you successfully and effectively by harnessing the power and profitability of the shift to plant-based eating, in the most appropriate way for your business.

We work with companies along the entire value chain, which gives us unique insights into the key challenges, hurdles, and opportunities at every stage of the journey as you take your product to market.



OUR NETWORK

Our B2B community

12,058+
subscribers across
our international
newsletters

400+
delegates at
the New Food
Conference 2021

45+
startups
supported by the
ProVeg Incubator

14,258+
LinkedIn followers

Our B2C community

23,000+
consumers in our
Test Community

88,000+
followers across
our international
Instagram
accounts

410,000+
subscribers
across
our international
newsletters

350,000+
people signed
up for the Veggie
Challenge so far



TRUSTED BY INDUSTRY LEADERS



ProVeg has been a great resource to Beyond Meat as we've gone global. We hired them to support the retail launch of the Beyond Burger in Benelux and were thrilled with the groundswell of buzz they helped generate. We are grateful to have ProVeg as a strong ally in the development of the plant-based movement in Europe and beyond."

- WILL SCHAFER

VP of Marketing at Beyond Meat



Adobe Stock - Prostock-studio

OUR TEAM

Stephanie Jacznikowska-McGirr

International Head of Corporate Engagement

Katleen Haefele

Head of Food Services & Events

Dirk Liebenberg

Senior Project Manager



GET IN TOUCH

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