

Lucrative opportunities for plant-based food manufacturers

Astute business owners and entrepreneurs are always on the lookout for the 'next big thing' and, according to new research, one candidate for this title is vegan cheese. To the average South African, the very idea of vegan cheese probably sounds like an oxymoron – but around the world there has been a huge increase in consumption of plant-based products that mimic the taste and texture of meat, milk, seafood and cheese.

ProVeg International, a food awareness organisation based in Berlin, recently conducted a large scale consumer survey across nine European countries in order to identify priorities for product improvement and development in the plant-based food market. This novel research, which is based on consumers' purchasing and consumption patterns, identifies several gaps in the market that South African food manufacturers could be taking advantage of.

South Africans might think that we're immune to these global trends because we're a nation of meat-lovers, but research shows that even in other meat-loving countries like Germany, the move away from meat is significant. Currently only 26% of Germans eat a meat product every single day, compared to 34% in 2015 – and it's not just Europe. Demand for plant-based products in China



Beyond Sausage_Bratwurst in bun photo provided by Infinite Foods

is growing rapidly, with companies like Whole Perfect Foods and Omnipork making huge inroads into the Chinese market, and even American market-leader Beyond Meat stating, "We see Asia as a key region for strategic long-term growth."

In addition to meat alternatives, the market for milk alternatives has also exploded. You know there's something to take note of when a company like Coca-Cola enters the market, which they have done by launching a new brand of plant milk: Simply Almond.

For predictions on the general growth of plant-based products, manufacturers can look to the market for plant-based meat alternatives, which is predicted to double within the next five years. According to figures provided by Markets and Markets, this market was valued at US\$12.1 billion in 2019 and is predicted to grow at an annual rate of 15%, reaching almost US\$28 billion by 2025. Market insiders will tell you that this is a very conservative estimate, pointing to the fact that Beyond Meat currently has a market capitalisation of US\$9 billion alone.

The global meat market, by comparison, is only predicted to grow by 3% per year.

When looking for specific gaps in the market, the ProVeg research sheds some light. In Europe, plant-based cheese is the product that was highlighted as the biggest opportunity for plant-based food producers.

According to Verena Wiederkehr, Head of Food Industry and Retail at ProVeg International, who oversaw the research, “The data supports the view that good quality, affordable, plant-based cheeses have a good chance of penetrating, capturing and retaining a large part of this fast-growing and lucrative sector.”

An opportunity

The opportunity for South African manufacturers is two-fold. Firstly, gaps have been identified in the European market, and there’s good reason to think these export opportunities exist elsewhere. Additionally, there is an opportunity to be the



Photo provided by Fry's

first mover in some of these categories locally; for example, all of the plant-based cheeses that are available in our large retailers are currently imported. Infinite Foods, the local importer and distributor of world leading plant-based based products like Beyond Meat’s burger, mince and sausages, Miyoko’s plant-based butter, Nature & Moi plant-based cheese, and recently Oatly oat milk, agrees with the ProVeg findings. “Research like this is very interesting to us – it confirms a lot of what we have been seeing – and we are working hard to create partnerships with local producers to bring more home-grown products to the market in the categories mentioned in the ProVeg report”, says Infinite COO Neil Taylor.

The work ProVeg is doing has already had some impact in South Africa. In 2019, South African meat company Feinschmecker Deli Meats consulted

with ProVeg before they became the first local meat producer to market a plant-based meat replacement product when they launched Gudness – a range of plant-based deli slices. “After talking to the team at ProVeg, I had a better understanding of the benefits of moving towards more plant-based offerings”, recalls Alistair Hayward, Managing Director of Feinschmecker. He is quick to add, “Plant-based products are not just there for vegans or vegetarians – most of the growth in this category has been driven by people who still eat some meat, but are trying to cut back – or just trying new options that are more sustainable.”

Future possibilities

Along with plant-based cheese, other opportunities in the plant-based segment that were highlighted by the report include plant-based egg and plant-based convenience meals.

Donovan Will, the Director of the South African branch of ProVeg, is optimistic about the involvement of local firms in this growing segment, “The only major local manufacturer that is taking advantage of this market is Fry’s [The Fry Family Food Co.], who are exporting some of the world’s best meat alternatives – like their Chicken-Style Burgers and Nuggets – from their base in Durban. Local production costs are significantly lower than those in Europe and America, where most of these products are being made, and there is no reason that more South African firms can’t enter – and even lead – this relatively new and rapidly growing market.” **SR**

