

The Market for Vegetarian Foods

By Caryn Ginsberg

Vegetarian eating is higher profile than ever. Movies, books, articles, and celebrity interviews tout how vegetarian foods reduce disease and obesity. More and more people are aware of how standard American fare not only hurts our health but also harms the environment and supports cruelty to animals.

It's easier to eat vegetarian or vegan now than ever. Specialized products have expanded from natural foods stores to mainstream grocers, discount chains, and club stores. From fast food to five-star restaurants, vegetarian options are becoming more commonplace.

Exciting times do not ensure successful business ventures, however. Competition is intense. Experts estimate the failure rate for new products of all types may exceed 80 percent. As many as 60 to 80 percent of new restaurants may close (*Bloomberg Business Week, 2007*).

Given that the trends driving interest in vegetarian eating appear likely to continue, savvy businesspeople can not only profit by catering to this need but also build demand by offering delicious, convenient, and affordable plant-based foods. Both would-be entrepreneurs and established professionals can benefit from understanding the market and competition to determine the best opportunities for success.

This article begins by identifying the consumers seeking more vegetarian food of all kinds, including fruits, vegetables, grains, and meat and dairy alternatives. After exploring the implications for restaurants and non-commercial food service, the analysis narrows to meat and dairy alternative products, investigating market data, and trends.

How many people eat vegetarian foods?

U.S. Adults age 20+ except as noted

		Estimated percent	Estimated number for 2010 population*	Source	Survey date
Vegan	Do not eat meat, poultry, fish, dairy, eggs, or honey (subset of vegetarian)	0.8%	1.8 MM	The Vegetarian Resource Group (VRG)	2009
Vegan except for honey	Do not eat meat, poultry, fish, dairy, or eggs	1.3%	2.9 MM	VRG	2009
Vegetarian	Do not eat meat, poultry, or fish (includes vegan)	3.4%	7.5 MM	VRG	2009

Willing to become vegetarian**	Definitely interested in following a vegetarian diet	5.2%	11.5 MM	<i>Vegetarian Times</i>	2008
	Willing to give up all forms of meat entirely	7%	15.5 MM	Cultivate Research	2005
Semi-vegetarian / flexitarian**	Consider themselves flexitarians	14%	31.0 MM	Opinion Research	2005
	Eat meat with fewer than half their meals	13%	28.8 MM	Cultivate Research	2005
Meat reducers**	Working to eat less meat**	25%	55.4 MM	Opinion Research, Cultivate Research	2005
Interested in vegetarian meals out	When eating out, sometimes, often, or always would order a dish without meat, fish, or fowl	55%	121.9MM	VRG	2008
Vegetarian youth (age 8-18)	Do not eat meat, poultry, or fish (includes vegan)	3%	1.4MM	VRG	2010
Vegetarian adults + youth***	Do not eat meat, poultry, or fish (includes vegan)	3%	8.9MM+***	VRG	2010

*221.7MM total civilian non-institutional population age 20+, reported by the Bureau of Labor Statistics, December 2010

**These categories overlap.

***Slightly understated because based on readily available census data, adults age 19 are not included.

Vegetarians and Vegans

The Vegetarian Resource Group (VRG) has been polling adults periodically since 1994 to establish the number of true vegetarians-those who do not eat meat, poultry, or fish. VRG results include only those who say they NEVER eat these products. (Many other people consider themselves vegetarian but may occasionally consume meat, poultry, or fish.)

Results have ranged from 1 to 3+ percent, with more recent polls towards the higher end. **Using the 3.4 percent figure from the 2009 survey, this equates to an estimated 7.5 million U.S. adults** (civilian, non-institutionalized population aged 20 years or more). Mintel (2007) and *Vegetarian Times* (2008) have found similar results. Cultivate Research measured 1 percent in 2005.

Cultivate Research also noted, "Survey results ... indicate that vegetarians feel even more strongly than non-vegetarian groups that food is an important part of their lives. Approximately 60 percent of the vegetarians strongly agreed that this was the case, while another 33 percent indicated that they 'somewhat' agreed with this statement."

The vegetarian segment has potential to grow. Cultivate Research identified that **7 percent of respondents were willing to give up meat (all forms) entirely**. The *Vegetarian Times* survey revealed that, of the non-vegetarians surveyed, 5.2 percent were "definitely interested" in following a vegetarian-based diet in the future. These results suggest another potential 11.5 to 15.5 million meat-free consumers.

VRG found that 0.8 percent of adults, or approximately 1.8 million people, are vegan-people who also avoid dairy, egg, honey, and other animal ingredients. (This number is a subset of the 7.5 million estimated vegetarians.) Another 1.3 percent, or 2.9 million people, are vegans other than the fact that they consume honey. Combined, more than half of vegetarians are also avoiding dairy and egg products per VRG's findings, although Cultivate Research found a somewhat smaller proportion of vegetarians to be vegan.

Vegans are also heavy users of products that meet their needs. They can be loyal, enthusiastic customers who generate word-of-mouth recommendations, not only to other vegans but also to the full spectrum of vegetarian eaters. A 2004 *Los Angeles Times* article noted the influence that vegans have had in the automotive field: "Pleasing vegans, the theory goes, is key to reaching a wider group of consumers-affluent shoppers who worry about the environment and who are willing to pay extra for food, clothing, and even automobiles, if they are made in ways that do less harm to the planet."

Although the trend isn't yet measurable, media coverage suggests the number of vegans may be on the rise. A 2011 article in *The Chicago Sun-Times* reported, "Veganism is moving from marginal to mainstream in the United States." Kathryn Peters of SPINS, a market research and consulting firm for the natural products industry, was quoted in *Natural Foods Merchandiser* as saying, "We're seeing more celebrity endorsements. It's becoming chic."

Semi-Vegetarians/Flexitarians/Meat Reducers

Semi-vegetarians or flexitarians eat a largely meatless diet but are not completely vegetarian. Cultivate Research reported that **13 percent of people were semi-vegetarian**, defined as individuals who eat meat with fewer than half their meals. An article published in *Nation's Restaurant News* noted that 14 percent of adults call themselves "flexitarians," according to Opinion Research (2005).

The Opinion Research study found that **a quarter of respondents were looking to eat less meat**. Cultivate Research identified a similar number of adults as cutting back. Based on the current number of semi-vegetarians and the trend toward reduction, Cultivate Research stated, "The semi-vegetarian segment has the potential to grow to one-third of the U.S. adult population."

Even people not making major shifts are aware of vegetarian foods' benefits. Opinion Research reported that 44 percent of people say they eat vegetarian foods as part of a diet that includes meat because they know that even an occasional meatless meal is healthful. These numbers suggest the potentially broad appeal for products and for menu offerings.

Who eats plant-based foods and why?

In its most recent survey, VRG found that men and women were nearly equally likely to be vegetarians, although *Vegetarian Times* saw a roughly 60/40 split women to men. Women ages 18-34 were more likely to be vegetarian than any other gender-age group, according to VRG and another study by Cultivate Research. Three percent of youth ages 8-18, or an estimated 1.4 million young people, are vegetarian, according to a 2010 VRG poll.

Cultivate Research reported that 70 percent of semi-vegetarians were female. More than half of semi-vegetarians were age 45 and older. The majority has actively reduced meat consumption over the past year. An estimated one-third of semi-vegetarians intended to reduce meat consumption even further over the next year.

Lower-income households, younger people, and individuals of color are more likely to use meat alternatives, according to Mintel's research. Although older people are more likely to be reducing meat, they may be less likely to try new products, an opportunity for manufacturers and grocers who are attuned to this audience's needs.

Health is the leading driver for vegetarian food consumption among non-vegetarians. Cultivate Research found that "the primary reasons [that semi-vegetarians] noted for [their] decline in meat consumption were due to the desire to attain a healthier diet, to reduce fat and cholesterol, and to lose weight. Almost three-quarters, 73 percent, of semi-vegetarians who reduced their meat consumption over the last year considered one of these three reasons to be the primary reason for this decision. Only 4 percent cited concern for animal suffering as their primary concern, although 18 percent included animal issues as one of several considerations."

Cultivate Research and *Vegetarian Times* both found a more even split for health and animal concerns among vegetarians. Vegans are even more likely to be compelled by their consideration for animals. Awareness of meat production's environmental implications is also bringing more people to plant-based foods. In a survey of its members, VRG found health, ethics, animal rights, and the environment of nearly equal concern.

Vegetarian foods that are healthful, free of animal products, and environmentally friendly will appeal to the widest audience. To be sure that you are meeting your vegan consumers' needs and not using ingredients they may perceive as inappropriate, market and ingredient research would be a wise investment. Organic certification, local ingredients, kosher certification, and absence of specific allergens can also differentiate offerings. (Mintel reports that three in five buyers of kosher products do so for perceived quality rather than for religious reasons.) Of course, taste, price, and convenience-traditional purchase drivers for all foods-are also important to customers for vegetarian foods. Finding the optimal combination to maximize profitability requires careful analysis.

What are the opportunities in dining away from home?

Restaurants

Restaurants provide an ideal venue for people to try new dishes. More than 50 percent of people order a dish without meat, poultry or fish sometimes, often, or always according to a 2008 VRG poll.

Order a dish without meat, poultry or fish in 2008

Always 7%

Often 8%

Sometimes 40%

Never 41%

Not sure 4%

In the National Restaurant Association's "What's Hot in 2011" survey of more than 1,500 professional chefs, over half rated meatless/vegetarian entrées and vegan entrées as a "hot trend." Nearly a quarter considered meatless/vegetarian entrées a "perennial favorite," while 17 percent gave that rating to vegan entrées.

Restaurants considering adding veggie offerings can also look to larger trends in dining out. Nearly three-quarters of chefs rated nutrition/health as a hot trend, making it the 15th most popular item. Nutritionally balanced children's dishes (#4) and fruit/vegetable children's side items (#18) also ranked in the top 20 hottest trends.

Health and nutrition claims on menu items are increasing as consumers look for healthy options in restaurants as well as at home. Mintel found 42 percent growth in such claims from the first quarter of 2005 to the first quarter of 2007. Items labeled vegetarian, low-fat, gluten-free, trans-fat free, or low-calorie grew the most rapidly.

Non-Commercial Foodservice

Vegetarian dining is just as hot in non-commercial food service operations, including office eateries; university dining halls; elementary, middle and high school cafeterias; and health care facilities.

At the beginning of 2010, Compass Group announced its "Be a Flexitarian" initiative, which promotes meat-free options in the 8,500 corporate and academic cafeterias it serves. "We're delighted to have this opportunity to highlight the culinary versatility of meat-free foods that promote better health and preserve the environment," Cheryl Queen, Vice-President of Corporate communications for Compass Group, stated (PR Newswire).

Vegetarian foods are finding their way to younger diners as well. The School Nutrition Association found in its 2009 research that the number of schools offering vegetarian meals rose from 22 percent in 2003 to 64 percent in 2009. Twenty percent offered vegan options.

An article in *FoodService Director* quoted Tony Geraci, Director of Food and Nutrition Services for Baltimore, Maryland, schools, as saying, "School districts just starting to think about offering more vegetarian choices should just do it ... They'll be surprised by all the support that comes out of the woodwork ... Operationally it's nothing they're not doing already."

How big is the market for vegetarian food products?

Available numbers from different companies address different parts of the vegetarian foods market. The figures for market size and growth cannot be easily reconciled across sources or previously published reports. However, the results consistently suggest ongoing expansion for vegetarian foods, albeit at a slower pace than in the earlier years of the new millennium.

The remainder of this section discusses vegetarian foods and soyfoods, recognizing that these are overlapping-not identical-markets.

Note: All figures are retail sales to consumers, thus excluding restaurant and food service, another significant opportunity for product manufacturers.

Source	Definition	Historical	Most Recent	Forecast	Recent Growth per Year	Forecast Growth per Year
Vegetarian Foods						
Mintel Vegetarian foods (US)	<i>Retail only - excludes restaurants and food service</i> Soy milk Meat alternatives Cheese substitutes Tofu Vegetarian entrées and side dishes	\$815MM (2001)	\$1.4B (2008)	\$1.6B (2011)	8%	5%
Soyatech & SPINS Soyfoods (US)	Numbers shown here*: Soy milk Meat alternatives Soy cheese Cultured soy Frozen soy desserts	\$1.3B (2001)**	\$2.1B (2009)	NA	6%	NA
Meat alternatives						
Soyatech & SPINS	Meat alternatives - soy-based	\$450MM (2001)**	\$636MM (2009)	NA	4%	NA
Datamonitor (North America)	Meat substitutes	\$360MM (2004)	\$397MM (2009)	\$434MM (2014)	2%	2%
Organic and kosher foods (all types)						

Organic Trade Association	Organic food	\$7.4B (2001)	\$24.8B (2009)	NA	16%	NA
Mintel	Kosher food	\$7.6B (2003)	\$12.5B (2008)	NA	10%	NA

**Reported by Soyatech / SPINS but excluded here: energy bars and a combined category for baked goods, entrées, cereal, pasta, meal replacement, powdered soy beverages, chips, snack foods, and low-carb food. Some of these items might also be considered vegetarian foods; however traditional vegetarian foods such as pasta, cereal, and baked goods are beyond the focus of this section of the article.*

***Estimated to the nearest \$50M from published chart*

Soymilk represents about half the most recent market estimates from both Soyatech/SPINS and Mintel. The 1999 Food and Drug Administration's ruling that paved the way for a heart-healthy claim on soymilk packages contributed greatly to soymilk sales.

Soymilk sales have, however, declined 6.4 percent from 2008 to 2009 (Soyatech/SPINS). The poor economy has likely caused some people to cut back, but Joe Jordan, General Manager and Content Director for Soyatech, cited two other industry developments. "Soymilk sales leader Silk converted most of their product from organic to non-organic, retaining only three organic [stock-keeping units] in different color packaging. As a result many customers have looked to other products." Sara Loveday of Silk attributed the move to non-organic as an effort to make more products available at a lower price.

"Soymilk has also been affected by the success of almond milk, led by Blue Diamond and Silk," Jordan noted. *The Wall Street Journal* reports, "Almond milk's appearance in the refrigerated dairy case in 2010 helped fuel 13 percent growth in milk alternatives, a category where sales were flat the year before, according to SymphonyIRI Group, a Chicago market research firm."

"Silk Pure Almond sales have grown beyond our expectations," Loveday commented. "The future is bright for almond milk-consumers are looking for non-dairy milk alternatives that are nutritious and delicious, and almond milk certainly fits the bill."

Other products have also achieved significant household penetration, although not as successfully as soymilk. Meat alternatives had found their way into approximately a quarter of U.S. homes by March 2007, according to Cultivate Research, with 6 percent of respondents frequently purchasing meat alternatives and 17 percent occasionally purchasing these items. Taste remains a significant barrier for many. A Datamonitor analyst noted, "[Meat analogs] still to an extent suffer from a widespread consumer perception that there is a significant compromise on taste" (FoodNavigator.com).

Price is another obstacle to wider acceptance, especially in difficult economic times. Substitution occurs not only due to taste and price concerns but also based on other desired benefits. People who might choose a veggie burger or soymilk primarily due to concerns about hormones or antibiotics may instead purchase organic and free-range products, according to Mintel.

What is the impact for retailers?

Although health foods stores and the natural foods chains Whole Foods and Wild Oats led the retail vegetarian and soy foods movement, these foods are now commonplace in supermarkets, discount stores such as Wal-Mart and Target, and warehouse or club stores. Mintel reported that by mid-2006, three-quarters of soy food and drink sales came from supermarkets, up from about half in 2001.

A 2009 *Supermarket News* article that discussed the Meatless Monday campaign noted, "Going meatless for at least one day a week seems to be catching on... Now store dietitians and in-store chefs have a prime opportunity to steer their shoppers to non-meat choices... Stores that host cooking classes or demos can probably combine two trends-vegetarian and ethnic-to stir up some excitement and interest."

According to Catalina Marketing, 72 percent of grocery shoppers say that their local supermarket stocks a wide variety of healthful foods and beverages, presumably leaving 28 percent that might like to see increased offerings.

Conclusion

From the local grocer to restaurant menus to office cafeteria lines to schools, the range of vegetarian options is increasing. As aging Baby Boomers become more concerned with food's role in preserving their health and people of all ages become increasingly focused on the implications of meat production for animals and environment, the opportunity to produce and serve vegetarian foods should continue to build. Allrecipes.com termed 'veganomics' as one of the "most compelling emerging trends in 2010" (www.humanespot.org).

The growing market has attracted more competition, including from major corporations. These new players, as well as established providers, have supported the market's expansion with new products and advertising. Large or small, the companies that will be most successful are those that give shoppers and diners the tasty, affordable, convenient meal solutions they seek.

Note: You are welcome to reprint this article on your website or in an electronic newsletter as long as it appears in its entirety without changes and includes the paragraphs below. For hard copy publication, please consult the author.

Caryn Ginsberg is the author of the free **Vegetarian Means Business: Market Strategy and Research Report** [<http://vegetarianmeansbusiness.com/vegetarian-market-strategy-and-research-report/>], from which this article is excerpted. She helps businesses and nonprofits increase the consumption of vegetarian foods. She brings more than 20 years of strategy and marketing experience that gets results for clients, including Fortune 500 corporations, entrepreneurial ventures, and leading nonprofits. Caryn can be reached at (703) 524-0024 or cginsberg@Priority-Ventures-Group.com.

Originally published by **The Vegetarian Resource Group (VRG)**: (410) 366-8343, www.vrg.org. The VRG educates the public about vegetarian and vegan diets. It assists businesses, schools, food services, professional groups, and consumers. The group has conducted polls, written vegetarian pamphlets for supermarkets, and offered speaker and dietitian referral. The VRG publishes *Vegetarian Journal*, *Vegan in Volume*, *a Guide to Food Ingredients*, *Simply Vegan*, and other books and brochures.

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market reports with high-quality content, thoughtful analysis, and extensive coverage of consumer markets. For more information, please visit <www.mintel.com>.

Resources

Vegetarian Market Research Reports

- **Mintel International Group**, *Vegetarian Foods (Processed) - U.S. - June 2007*, <www.mintel.com>
- **Cultivate Research**, *Vegetarian Consumer Trends Report (2005)*, <www.cultivateresearch.com>
- **Datamonitor**, *Trends in Protein Intake: Attitudes and Behaviors (2009)*, <www.datamo

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