



Packages of Impossible plant-based meat on a grocery store shelf. Retail sales of plant-based meat grew 45 percent from 2019 to 2020. | Angela Weiss /AFP via Getty Images

The state of the plant-based food industry

We're eating more meatless meat than ever, but it's still not much.

By Kenny Torrella | Apr 16, 2021, 8:30am EDT

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It can be hard to keep up with the plant-based food industry. Every month seems to bring buzzy product launches and press releases from startups about the millions of dollars they've raised from investors. At the same time, **big-name traditional**

food companies continue to launch their own lines of dairy- and meat-free foods at a rapid clip.

Each year the Plant Based Foods Association and the Good Food Institute — the two main groups that advocate for meat and dairy alternatives — publish a state of the industry of sorts, analyzing how these products actually perform in grocery stores. It's a useful zoom-out that helps put the blitz of plant-based food development into perspective.

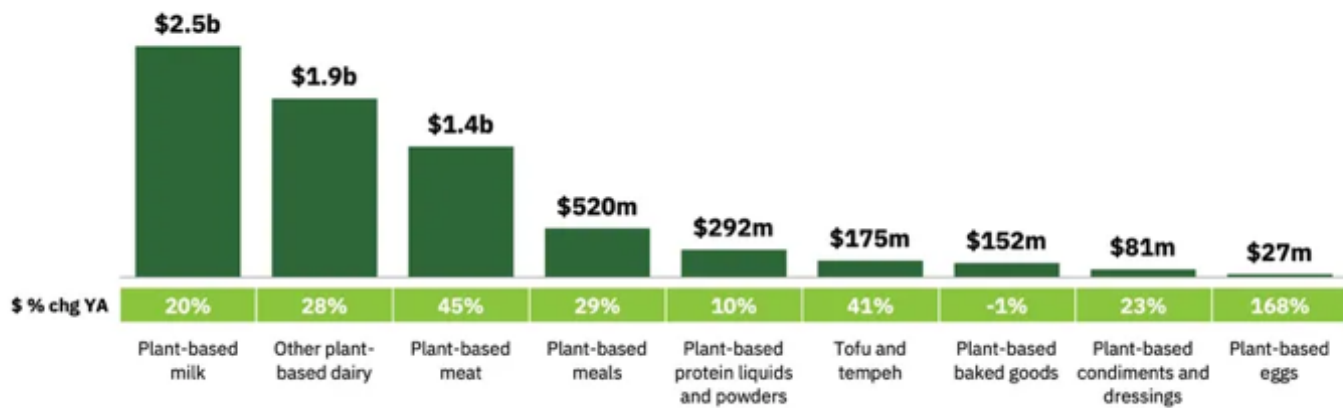
Their latest **report looked at 2020 sales figures** and found that — as with the previous year — plant-based food retail sales grew much faster (27 percent) than the total US retail food market (15 percent). And this wasn't just on the coasts; there was more than 25 percent growth in all US census regions.

Plant-based meat sales grew by 45 percent and plant-based milk sales were up 20 percent from 2019.

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Total U.S. plant-based food dollar sales and dollar sales growth by category, 2020



Note: the data presented in this graph is based on custom GFI and PBFA plant-based categories that were created by refining standard SPINS categories. Due to the custom nature of these categories, the presented data will not align with standard SPINS categories.

Source: SPINS Natural Enhanced Channel, SPINS Conventional Multi Outlet Channel (powered by IRG) | 52 Weeks Ending 12-27-2020

gfi / Good Food Institute

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The retail market for plant-based food grew significantly from 2019 to 2020. | SPINS, The Plant Based Foods Association, The Good Food Institute

The growth may be eye-popping, but there's a big caveat here: Supermarkets had an unusually good year. Early in the pandemic, panic-buying sent grocery sales surging, and earnings remained high throughout 2020 as **people cooked at home more** to avoid crowds and save money, giving the sales of both plant-based and animal-based foods a big bump.

Another important caveat: The plant-based food category is starting from a very low baseline. A 45 percent increase in plant-based meat sales over one year is a big deal, but it can be brought back down to earth by a grim, stubborn fact: **More than 99 percent of the meat we eat in the US still comes from animals.**

But this continued year-after-year growth at the very least shows there is growing demand for alternatives.

Plant-based is now more than a trend

In the mid- to late 2010s, it was common for **journalists** and **market research groups** to predict plant-based as the next big trend. Years later, it's clear that it's more than a trend — it's a sizable sector of the food industry, especially alternative dairy, which is becoming less and less alternative.

Fifteen percent of fluid milk sales in retail are now plant-based, plant-based butter is at 7 percent, and plant-based coffee creamer 6 percent. Some subcategories of plant-based meat are getting more and more consumer dollars, too — for example, 2.7 percent of *packaged* meat sales are now plant-based. To be clear, these figures are for sales, not volume. Since plant-based products tend to cost more than their animal-derived counterparts, the actual volume of plant-based milk and packaged meat that Americans are picking up at the grocery store is likely a good amount lower than 15 percent and 2.7 percent, respectively.

Despite the relatively small share of grocery dollars spent on plant-based foods, investors are confident that alternative proteins will continue to capture more and more of the overall food industry. Last month, **GFI reported** that in 2020 alone, the alternative protein sector raised \$3.1 billion from investors. That's more than half of all the money raised in this space over the past decade. Much of the \$3.1 billion went to big names like Impossible Foods and Oatly, but many **newer companies** got a **boost, too**.

It will take many years to see if this investment — a lot of it likely to be used on R&D — pays off, but it sets up the industry to make headway on its biggest challenges: bringing down the cost of plant-based products, making them taste better, and making them more widely available.

On the price and availability front, **Impossible Foods**, **Beyond Meat**, and **Eat Just** have continually lowered prices while getting into more and more grocery stores (and restaurant chains) — though **not quite enough to bring in lower-income consumers**.

Compared to the popularity of meatless burgers and sausages (the products the biggest plant-based food companies have focused on), **consumers aren't buying a lot of plant-based chicken or fish alternatives**, which is bad news for chickens and fish,

as they're killed in the highest numbers and typically raised in the **worst conditions**.

Better news for animals is the rise of plant-based eggs, which saw sales grow by 168 percent from 2019 to 2020. But more so than any other subcategory mentioned here, plant-based eggs were starting from an especially low baseline — **Eat Just's liquid plant-based egg** only became widely available in late 2020, with practically no predecessors (or competitors).

Who's buying plant-based food?

In addition to looking at in-store sales, PBFA and GFI also commissioned a consumer survey to look at who's buying plant-based foods at the supermarket. They found that households with under \$35,000 in income spend the least on these foods, while a little more than half of all money spent on plant-based foods comes from households making over \$70,000 a year (the **US median household income is \$68,703**).

Those who are purchasing plant-based foods the most? Consumers ages 35 to 44, consumers with graduate degrees, households with children, and households with income over \$100,000.

This data underscores the importance of plant-based companies' efforts to lower prices, and suggest that more companies ought to try to make plant-based meat as **cheap as possible from the get-go**, rather than creating an expensive, high-demand product at first in the hope it can scale and become affordable over time, the approach taken by most startups so far.

The survey also found that **people of color overindexed on plant-based purchasing**, meaning they were both more likely to buy plant-based foods and spend more on plant-based foods compared to the consumer panel, whereas white consumers underindexed.

Total plant-based food consumer demographics 2020

Cohort		Buyer Index	Dollar Index	Cohort		Buyer Index	Dollar Index
HH age	HH age 18-34	111	118	Income	HH income under 20k	81	71
	HH age 35-44	111	122		HH income \$20k-\$24.9k	79	59
	HH age 45-54	106	116		HH income \$25k-\$34.9k	88	77
	HH age 55-64	96	90		HH income \$35k-\$44.9k	94	89
	HH age 65+	83	70		HH income \$45k-\$49.9k	92	93
HH education	HH graduated high school or less	81	64		HH income \$50k-\$59.9k	101	100
	HH some college	97	91		HH income \$60k-\$69.9k	103	101
	HH graduated college	108	116		HH income \$70k-\$99.9k	106	103
	HH post-graduate school	115	133		HH income \$100k+	115	132
Ethnicity	White	96	95	Kids	HH with children	109	115
	Asian	132	112		HH without children	96	93
	African-American	105	117				
	Other race	105	112				

Note: the data presented in this graph is based on custom-GFI plant-based categories that were created by refining standard SPINS categories. Due to the custom nature of these categories, the presented data will not align with standard SPINS categories.

Source: NCP, All Outlets, 52 weeks ending 12-27-20

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The demographics of who's buying plant-based foods at the grocery store. | SPINS, The Plant Based Foods Association, The Good Food Institute

This is not too surprising. A **2018 US Gallup poll** found that nonwhite Americans were three times as likely as white Americans to identify as vegetarian, which could suggest that non-vegetarian people of color are more likely to buy plant-based food than non-vegetarian white people.

Overall, the share of households purchasing plant-based products went up only 4 percentage points since last year. Impressively, though, over half of American households reported buying a meat or dairy alternative in 2020 although only a small percentage of Americans identify as vegetarian or vegan. This could be caused, in part, by the widespread adoption of the term “plant-based” on package labeling — as opposed to “vegan” or “vegetarian” — as **research has shown** people are less likely to purchase food when it has a “v” word on it.

According to the report, the percentage of “plant-based” claims on packaging more than doubled last year compared to 2019. I've even seen this “plant-based” halo effect

cross over to retail categories outside of food. Take, for example, Tide's "plant-based" laundry detergent (I just hope nobody **mistakes it for food**).

It might be the case that non-vegetarians read "vegetarian" on a food package and dismiss it as something that isn't for them, whereas "plant-based" is a more vague term, and rarely used as an identity.

The plant-based industry may be small, but that's because it's so new

These annual reports are released with a hefty dose of enthusiasm and optimism, which is warranted given how quickly the plant-based food sector is growing (and no surprise given the source).

But they also show just how far plant-based producers and advocates still have to go to achieve the enormous goal they're setting out to accomplish: fundamentally changing how humanity has produced meat and milk for decades.

To do that, the plant-based food industry will need to see many consecutive years of significant growth before it can start to bring down the number of animals raised in factory farms.

That's not happening, at least yet — **meat consumption continues to rise slowly in the US** while it **explodes around the globe**. But it's also worth remembering that this new generation of the plant-based food industry is still in its infancy; it was only a couple of years ago when the sector's biggest players even got their products on grocery store shelves.

It'll be a while until we see if their efforts to transform the food industry gain serious ground. But the continual progress is encouraging.

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