# Embracing the Plant-Based Plate: Integrating Plant-Based Products into Everyday Meals

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# Momentum and Meaning

Behavior change, progress, and real transformation is rarely linear. For plant-based, **maintaining momentum**, and finding **meaning beyond substitution** is the imperative.

## Priorities

**PROTEIN POWER**

**52%**

*Contribution to growth from protein supplements*

**TASTE TRIUMPH**

**#1**

*Taste is consistently the greatest driver of repeat purchases*

**KIDS AS CATALYST**

**415%**

*$ Growth in kids plant-based products 2021-2024*

**CLEAN LABEL**

**90%**

*Of global consumers say ingredients have influence*

## Imperatives

**Increase** share of **PLATE**

**Penetrate** share of **RECIPE**

**Expand** share of **VOICE**

# Market Dynamics

## Performance Under Pressure

## HEADWINDS

### Economic Conditions

*Inflation and high interest rates create pressure*

### Consumer Acceptance

*Barriers remain between consumer intent & action*

### Price Parity

*Pressure to compete with conventional food on cost*

### Policy & Funding

*Regulatory limitations, "Big-Ag" funding*

## TAILWINDS

### Health & Wellness

*Increasing consumer focus on good for people and planet*

### Technology

*Fermentation, cell cultivation, novel ingredients*

### Policy & Funding

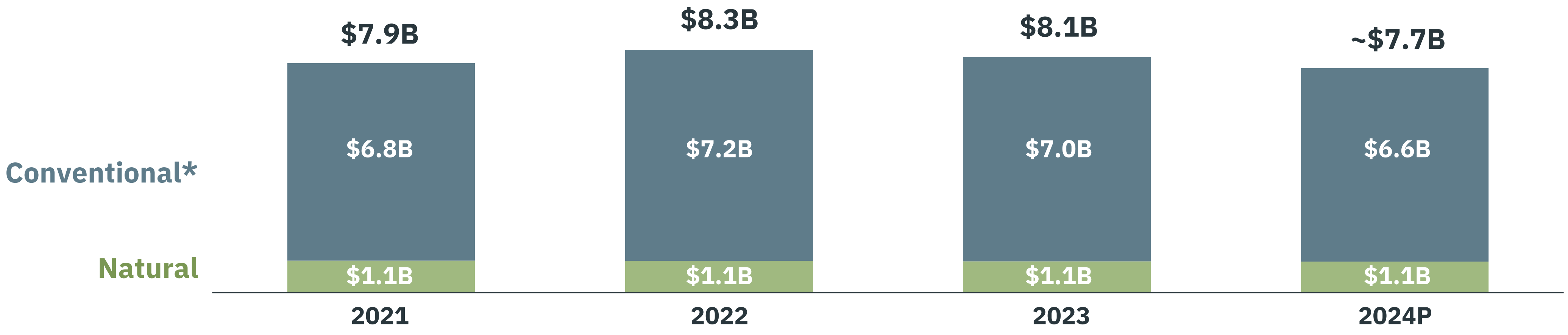
*Farm bill, government funded research*

### Investment in Innovation

*Industry continues to attract significant investment*

# Slowing growth makes room for innovation

## Total U.S. Plant-Based Dollar Sales



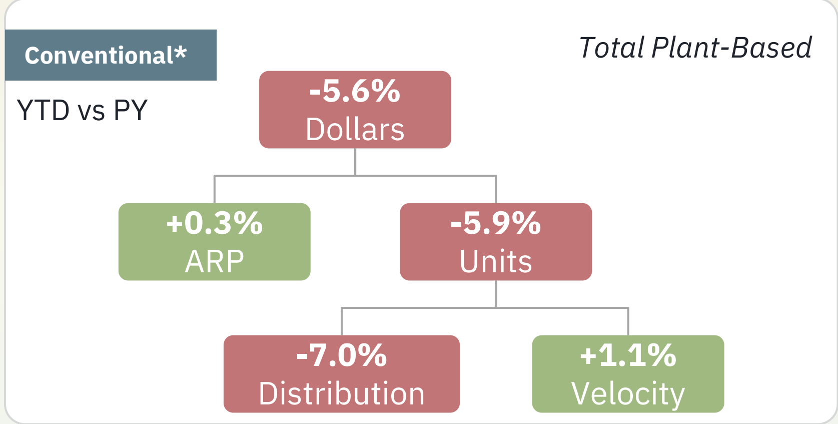

| | 2022 | 2023 | 2024P |
|---|---|---|---|
| Dollars % vs PY | +5.7% | -2.8% | -4.8% |
| Units % vs PY | -3.9% | -9.1% | -5.4% |

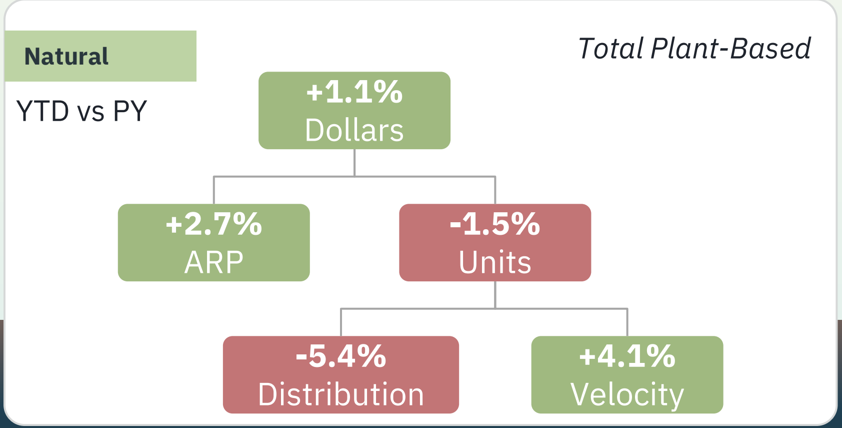
See Appendix for Projection

*Conventional = Total US MULO

Source: SPINS Satori, Total US MULO (powered by Circana) & Natural Expanded Channel, Grocery, Frozen, Refrigerated, & VMS Departments, TPL Universe, All Plant Based Positioned Items (Powered by SPINS Product Intelligence) + Private Label in all Plant Based Subcategories (see appendix for detail), 52 W.E. 01.02.2022, 01.01.2023, 12.31.2023, AND YTD W.E. 7.14.2024

# Non-staple categories are contributing growth




## Total Plant-Based, Conventional + Natural Channel

**Top 5 Dollar Gainers**

| Category | $ Sales | $ Chg. vs PY | Contribution to Growth |
|---|---|---|---|
| PROTEIN SUPPLEMENTS | $246.5M | +$22.2M | 52% |
| RF COOKIE & PASTRY DOUGHS | $29.7M | +$7.6M | 18% |
| RF JUICES | $67.6M | +$6.5M | 15% |
| RF TOFU | $80.5M | +$6.0M | 14% |
| FZ PIES & BAKED GOODS | $22.2M | +$0.2M | 1% |

**Top 5 Dollar Decliners**

| Category | $ Sales | $ Chg. vs PY | Contribution to Decline |
|---|---|---|---|
| RF PLANT BASED MILK | $1.4B | -$85.8M | 34% |
| FZ & RF PLANT BASED MEAT ALTS. | $661.7M | -$45.5M | 18% |
| FZ ICE CREAM & NOVELTIES | $170.0M | -$17.6M | 7% |
| FZ PIZZAS | $51.1M | -$14.4M | 6% |
| FZ ENTREES | $101.0M | -$13.3M | 5% |

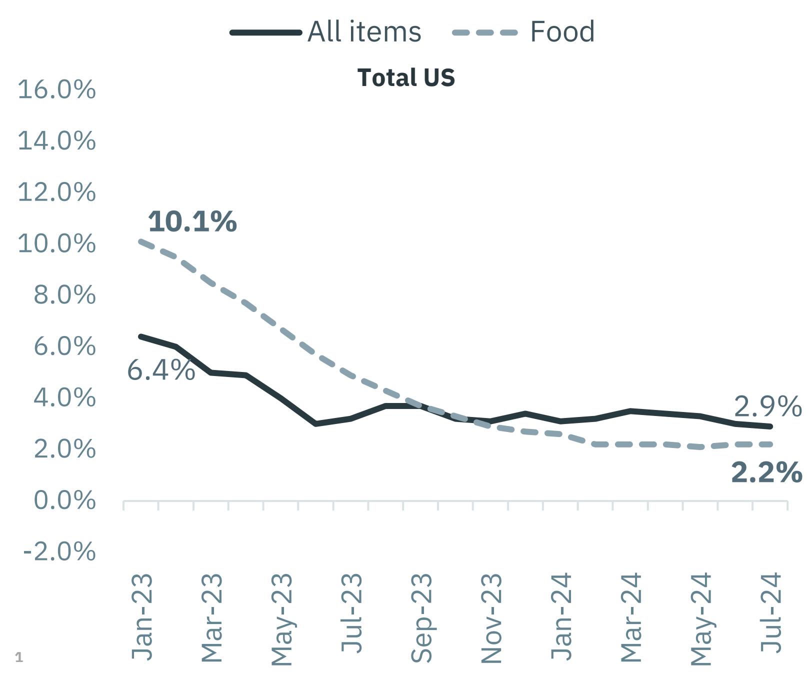
*Conventional = Total US MULO

Source: SPINS Satori, Total US MULO (powered by Circana) & Natural Expanded Channel, Grocery, Frozen, VMS & Refrigerated Departments, All Plant Based Positioned Items (Powered by SPINS Product Intelligence) + Private Label in all Plant Based Subcategories (see appendix for detail), YTD W.E. 7.14.2024

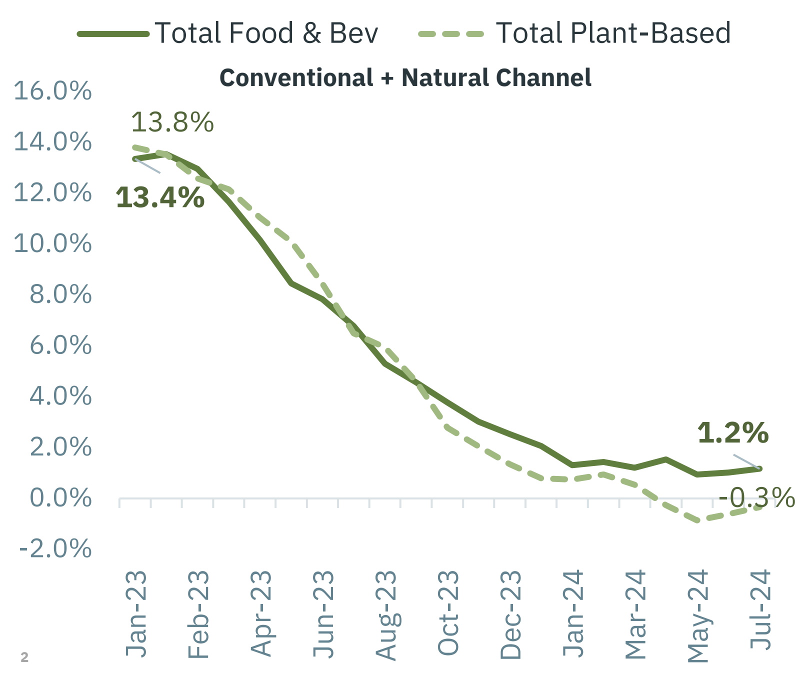
# Pressure is subsiding

National food inflation, price increases, and category declines are all softening in recent months, improving conditions for plant-based growth and expansion

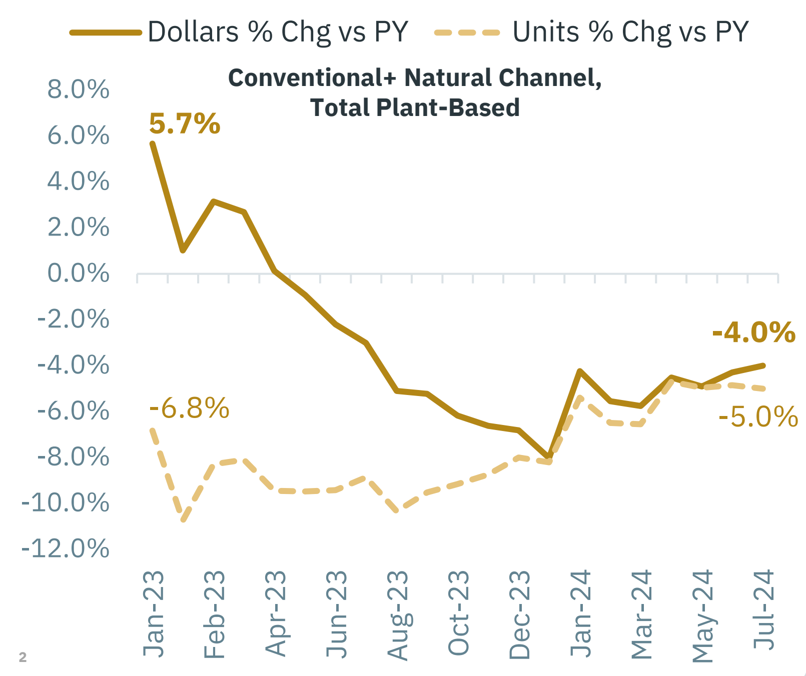
## US Consumer Price Index




## Monthly ARP % Chg. vs PY




## Monthly Sales % Chg. vs PY




*Conventional = Total US MULO

**Sources: 1.** US Bureau of Labor Statistics
**2.** SPINS Satori, Total US MULO (powered by Circana) & Natural Expanded Channel, Grocery, Frozen, Refrigerated, & VMS Departments, TPL Universe, All Plant Based Positioned Items (Powered by SPINS Product Intelligence) + Private Label in all Plant Based Subcategories (see appendix for detail, quad-week periods ending 7.14.2024

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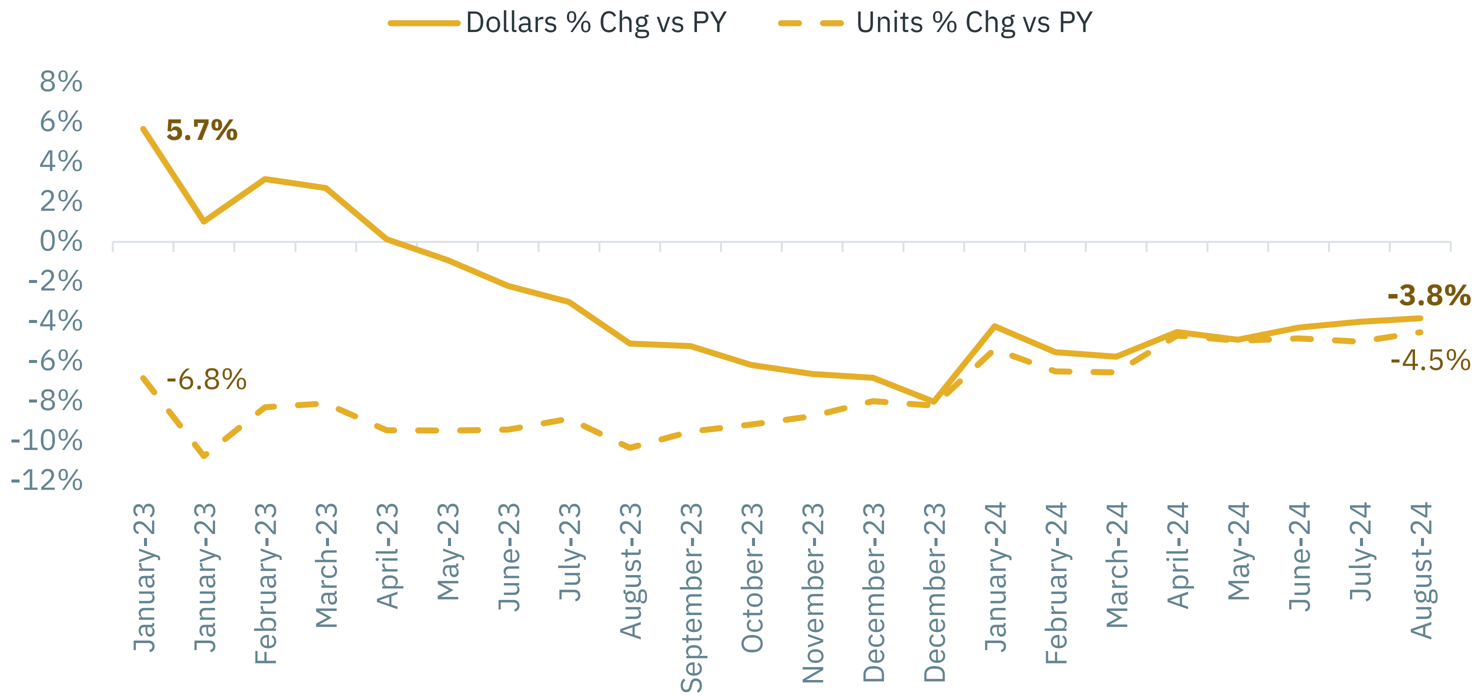
## TOTAL PLANT-BASED




## CONTRIBUTING FACTORS

- National food inflation has improved significantly. The CPI indexed at 2% in July ’24 vs. 10% in the beginning of January ’23
- Plant-based price increases have let up. The plant-based average retail price was +14% vs PY in January ’23 but has dropped to flat vs. year ago in July ’24.

**Sources: 1.** US Bureau of Labor Statistics
**2.** SPINS Satori, Total US MULO (powered by Circana) & Natural Expanded Channel, Grocery, Frozen, Refrigerated, & VMS Departments, TPL Universe, All Plant Based Positioned Items (Powered by SPINS Product Intelligence) + Private Label in all Plant Based Subcategories (see appendix for detail, quad-week periods ending 8.11.2024

# Behavior change is possible, and proven

Over 60% of American households purchase plant-based products at least once, and 81% come back for more. Ample opportunity exists to grow household penetration in categories that see increasing repeat rates

| | Total Plant-Based | Milk | Meat & Seafood | Creamer | Ice Cream & FZ Novelties | Yogurt | Tofu, Tempeh & Seitan | Cheese | Butter | Eggs |
|---|---|---|---|---|---|---|---|---|---|---|
| **% HH Buying** | 62% | 44% | 15% | 15% | 10% | 8% | 8% | 7% | 6% | 1% |
| *Change* | -1.9 | -2.6 | -4.1 | -0.1 | -1.7 | -1.2 | -0.3 | 0 | -0.8 | -0.3 |
| **Repeat Rate** | 81% | 79% | 62% | 65% | 51% | 55% | 60% | 49% | 55% | 48% |
| *Change* | -0.6 | -0.2 | -0.2 | +0.4 | +2.8 | +0.1 | +0.7 | -2.6 | -2.4 | +2.7 |

Increasing Repeat Rates

Source: SPINS Enhanced National Consumer Panel | Total US – All Outlets | 52 WE 12.3.23

# Innovation Imperative

The market is challenged to deliver progressive innovation as consumers continue to voice **unmet needs** around **taste, price, and clean ingredients**

## Recent consumer feedback has confirmed:

### Taste Matters

**#1**

*Consistently cited as the most critical factor influencing whether consumers will try or repeat plant-based products*

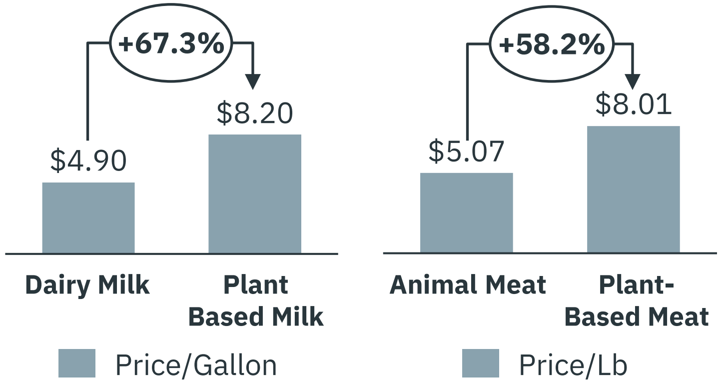
### Ingredients Matters

**90%**

*Of global consumers say ingredients have a major influence on their purchases*

***Table Stakes to Drive Trial***

### Price Matters




***Price Parity is Essential for Long-Term Success***

Source: SPINS Satori, Total US MULO (powered by Circana) and Natural Enhanced Channel, Latest 24 weeks ending 7.14.2024
Kalsec, "What Clean Label Means to Consumers | New Global Survey on Food and Beverage Perceptions" April 2023, n=6,0000

# Delivering on tase, ingredients and price (maybe)

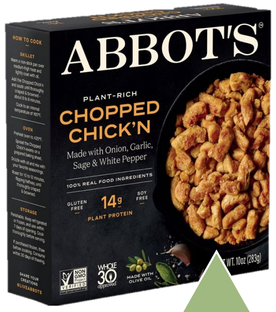
Brands winning at shelf are successfully delivering against core consumer needs

### Category Expansion

*Trends reflect demand for nutrient-rich plant nutrition across every meal moment*


### Abbot's Butcher

*Pea protein + spices*




+139%

Brand $ Chg. vs PY

### Go Macro

*Kids clean label protein bar*


+20%

Item $ Chg. vs PY

### Three Wishes

*High fiber cereal + pea protein*


+28%

Brand $ Chg. vs PY

Source: SPINS Satori, Total US MULO (powered by Circana) & Natural Expanded Channel, Abbot's and Three Wishes Total Brand Sales, GoMacro Kid Peanut Butter Cup Bar 7pk Item Sales, YTD W.E. 7.14.2024

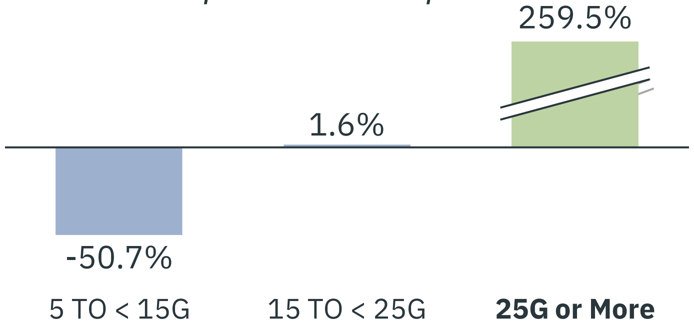
# Promise of Protein

As emphasis on health span grows, demand is on the rise for **high-protein** plant-based sources to support long-term, holistic health

**42%**[1]
*of global consumers say* ***protein*** *is the most important ingredient*

## Dollar % Chg. vs PY[2]

*YTD, Protein per Serving, Plant-Based Protein & Meal Replacement Liquid*

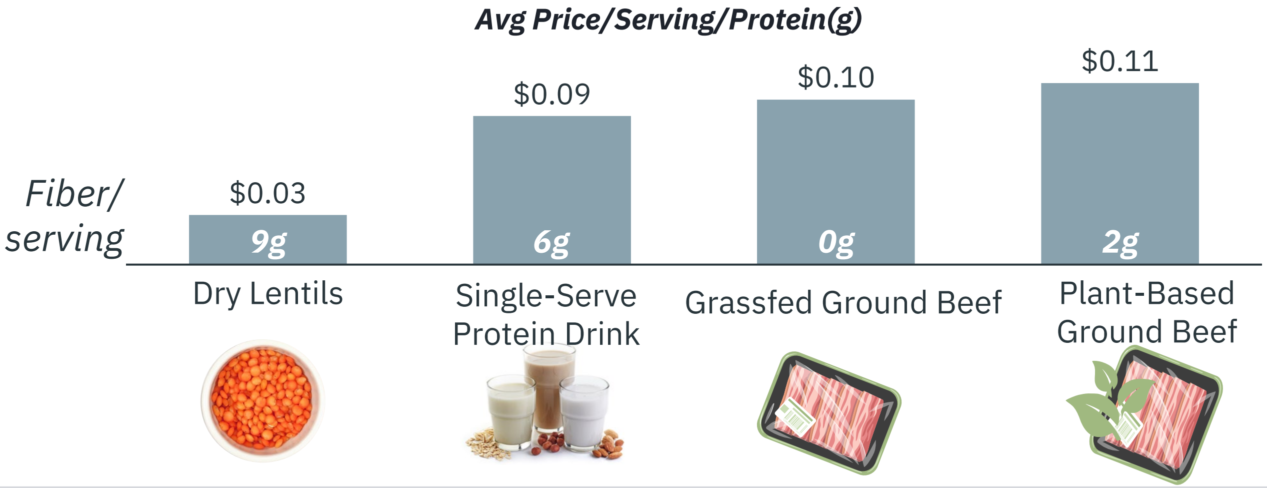



| | 5 TO < 15G | 15 TO < 25G | 25G or More |
|---|---|---|---|
| *Dollar Share** | 1% | 46% | 40% |

*Remaining 13% share = Unknown/Not Coded

## Cost vs Benefit[3]

*Nutrient-dense plant protein sources pose an attractive value proposition*




Sources: 1. Innova Market Insights Trends Survey 2024 (average of Brazil, Canada, China, France, Germany, India, Indonesia, Mexico, Spain, UK, US)
2. SPINS Satori, Total US MULO (powered by Circana) & Natural Enhanced Channel, Protein & Meal Replacement Liquid, Plant Based Positioned Items, YTD W.E. 7.14.2024
3. SPINS Satori, Total US Natural Expanded Channel, Item Level Sales, High Ranking Category Items, 24 W.E. 7.14.2024

# Fueling up with Fiber

Fiber is an inherent advantage of plants, giving them a **competitive edge** as consumers grow more aware of digestive health benefits

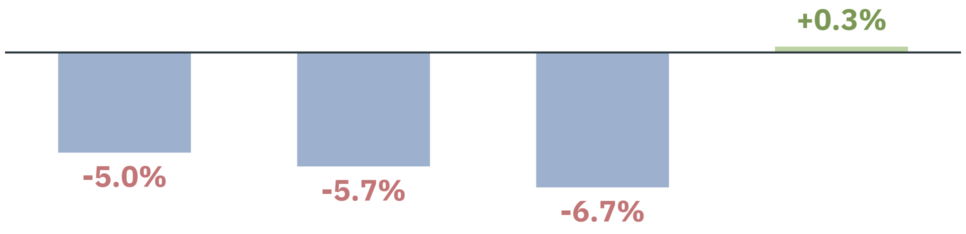
**less than 1 in 10** *Americans meet the recommended **daily fiber intake*** [1]

**61%** *of consumers reported trying to eat **more fiber** in 2023* [2]

**#4** *Digestive health is the #4 top health benefit consumers seek from food* [2]

## Dollar % Chg. vs PY[3]

*L24 Weeks, Fiber per Serving, Total Plant-Based*




| | 0 (< 0.5G) | 0.5 TO < 3G | 3 TO < 6G | **6G OR MORE** |
|---|---|---|---|---|
| *Dollar Share** | 23% | 45% | 17% | 6% |

*Remaining 9% share = Unknown/Not Coded

Sources: **1.** "Acacia's Role as a Functional Fibre." Kerry Health and Nutrition Institute, 2022
**2** International Food Information Council. 2023 Food & Health Survey. Food Insight, May 2023, n= 1,022 Americans ages 18-80
**3.** SPINS Satori, Total US MULO (powered by Circana) & Natural Expanded Channel, Grocery, Frozen, Refrigerated, & VMS Departments, TPL Universe, All Plant Based Positioned Items (Powered by SPINS Product Intelligence) , 24 weeks ending 7.14.2024

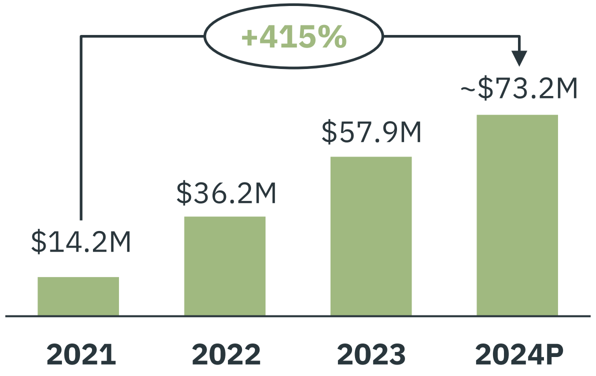
# The emerging Kids segment plants a seed for long-term growth

Today's parents are raising tomorrow's plant-based consumers; households with children over-index as plant-based buyers and market trends signal growing demand

## Plant-Based Demographics: $ Index*

| | |
|---|---|
| Households with Younger Children | 110 |
| Households with Older Children | 111 |

## Plant-Based Kids Annual Dollar Sales




*Dollar Index represents the proportion of product dollars accounted for by a given demographic segment divided by the proportion of total households within the demographic segment.

## Kids products are making a splash in the plant-based market


Source: SPINS Satori, Total US MULO (powered by Circana) & Natural Expanded Channel, Grocery, Frozen, Refrigerated, & VMS Departments, TPL Universe, All Plant Based Positioned Items, Age Attribute = Kid + Baby Positioned (Powered by SPINS Product Intelligence), 52 W.E. 01.02.2022, 01.01.2023, 12.31.2023, AND YTD W.E. 7.14.2024

# What to Watch

What to embrace

# Large CPG better-for-you shift spurs plant-based integration

**Better-For-You Portfolio:**
Adding vegetables/legumes to their portfolio helps reach their BFY goals

**Protein Craze:**
Adding PB protein is an easy way to meet demand for higher protein

**Corporate Social Responsibility:**
Replacing with PB protein helps lower greenhouse emissions

"Continuing to transform our portfolio with new goals to further reduce sodium and **deliver 145 billion portions** of diverse ingredients such as legumes, whole grains, plant-based proteins, fruits, vegetables, and nuts and seeds annually by 2030

PEPSICO

"In 2023, Mars Food & Nutrition delivered 3.1 billion healthy meals, 120 million servings of fiber, **346 millions of servings of vegetables** and a 5.1% reduction on sodium

MARS

"In 2023, we successfully introduced recipe reformulations that maintain the quality and taste of our products. **By replacing some animal proteins with plant-based ingredients**, we are helping achieve our net zero commitment and responding to trends in changing consumer diets.

Nestlé



Source: PepsiCo, Annual Report 2023 | Mars, Annual Report 2023 | Nestle, Sustainability Annual Report 2023

# Maintaining momentum

## **WHAT WE KNOW** ABOUT **WHAT MATTERS MOST**

**Taste**

*The **#1 driver** of test and repeat behavior*

**Ingredients**

*Clean, functional, and **worthy-of-replacement***

**Price**

***Parity is paramount** for long-term success*

Where **value meets growth, and opportunity**

**PROTEIN**


**KIDS**

**FIBER**

# Thank you!

For more information contact us at growth@spins.com