UNDERSTANDING CONSUMER SPENDING PATTERNS AND SENTIMENTS ACROSS PLANT-BASED AND ANIMAL-BASED CATEGORIES

INCREASED PLANT-BASED FOODS VARIETY AND OPTIONS FUELED GROWING SHOPPER SHIFT AWAY FROM ANIMAL-BASED FOODS

Plant Based Foods Institute
October 2024

Table of Contents

WHAT IS THE MIGRATION ANALYSIS?

GOAL

To understand how plant-based consumer households change their spending patterns across six plant-based categories and their animal-based counterparts (milk, cheese, yogurt, frozen meals, frozen meat, and , refrigerated meat). Additionally, to survey those consumer households to understand the why behind the shopper behavior.

BROADER PURPOSE

By examining plant-based shoppers' change in spending patterns each year, we are also interested in measuring any displacement of animal-based foods with plant-based foods.

METHODOLOGY

MIGRATION ANALYSIS APPROACH

Participants

- ~7MM households that shopped at Kroger for 104 continuous weeks (from Total Kroger Universe)
- Two 52-week time periods:
  - Pre-period (52wks ending 12/31/2022)
  - Post-period (52wks ending 12/30/2023)

Part one: Migration Analysis

- Changes from the pre-period to post-period were recorded across the following metrics:
  - Dollars spent
  - Units purchased
  - # of households engaged
- Changes in dollars spent from the pre-period to post-period determined the household segment

Part two: Consumer Surveys

A follow-up consumer research survey in the post period to understand plant-based food consumption changes for shoppers who were segmented as either increasing or decreasing their plant-based purchases

See next pages for additional details about methodology

DATES OF ANALYSES

	2019	2020	2021	2022	2023
YEAR ONE	PRE-PERIOD	POST-PERIOD			
YEAR TWO		PRE-PERIOD	POST-PERIOD		
YEAR THREE			PRE-PERIOD	POST-PERIOD	
YEAR FOUR				PRE-PERIOD	POST-PERIOD

GEOGRAPHY/STORE COVERAGE

TOTAL KROGER UNIVERSE

Households: All households on the 104-week Continuous Panel as of the respective post-period end date.

- **YEAR ONE**: ~ 7.65M households
- **YEAR TWO**: ~ 7.78M households
- **YEAR THREE**: ~ 7.77M households
- **YEAR FOUR**: ~ 7.81M households

MIGRATION SEGMENT

NEW	Households with $0 spend in the pre-period and >$0 spend in the post-period
INCREASER	Households with **higher** standardized spend (by at least 10%) in the post-period compared to the pre-period
MAINTAINER	Households with standardized spend in the post-period within 10% of their standardized spend in the pre-period
DECREASER	Households with **lower** standardized spend (by at least 10%) in the post-period compared to the pre-period
LEAVER	Households with >$0 spend in the pre-period and $0 spend in the post-period

The Migration Segment is determined by comparing spend in the post-period to the spend in the pre-period. The specific households in each migration segment can differ by product target group. For example, Increasers of plant-based milk may have different households from Increasers of plant-based cheese.

PRODUCT TARGET GROUP

Plant-Based Target Groups	Comparative Animal-Based Product Groups
Plant-Based Refrigerated Meat	Animal-Based Refrigerated Meat
Plant-Based Frozen Meat	Animal-Based Frozen Meat
Plant-Based Milk	Animal-Based Milk
Plant-Based Yogurt	Animal-Based Yogurt
Plant-Based Cheese	Animal-Based Cheese
Plant-Based Frozen Meals	Animal-Based Frozen Meals
ALL PLANT-BASED	**ALL ANIMAL-BASED**
	ALL PLANT-BASED*

* "All Plant-Based" group served as both a target group and product group. This was done to understand migration patterns from all plant-based foods as a whole, while also providing insights on how migration patterns from individual plant-based target groups impacted engagement with all plant-based products.

FINDINGS OVERVIEW

Increased plant-based foods variety and options fueled growing shopper shift away from animal-based foods

1. Shoppers engaged with plant-based foods are increasing their spend on plant-based milk, frozen meat, and frozen meals indicating growing loyalty in these categories.

2. Shoppers who are increasing their spend in plant-based milk, cheese, and fresh meat are actively decreasing their spend in corresponding animal-based categories. This indicates their dedication to making a switch to more plant-based foods.

3. NEW Mature shoppers who typically seek out convenient foods are increasingly growing the category of new plant-based shoppers. These shoppers are less focused on healthy options and more interested in quick meals.

4. Shoppers choose plant-based foods mainly for health benefits. Rising costs of animal-based products also drive increased consumption of plant-based foods. Both factors show significant year-over-year growth for plant-based.

Source: Plant Based Migration Analysis, 84.51 ° Insights, Kroger Shopper Data, 2023 (Year 4)

CONSUMER INSIGHTS

KEY TAKEAWAYS FROM THE CONSUMER SURVEYS

1. Almost half of households who increased their spend in plant-based foods indicated they are consuming more plant based foods for **personal health concerns**, which was a *7% increase* over prior year.

2. Rising costs of animal-based foods were cited as the second largest influencer of increased consumption of plant-based foods among these households with a *9% gain* over prior year.

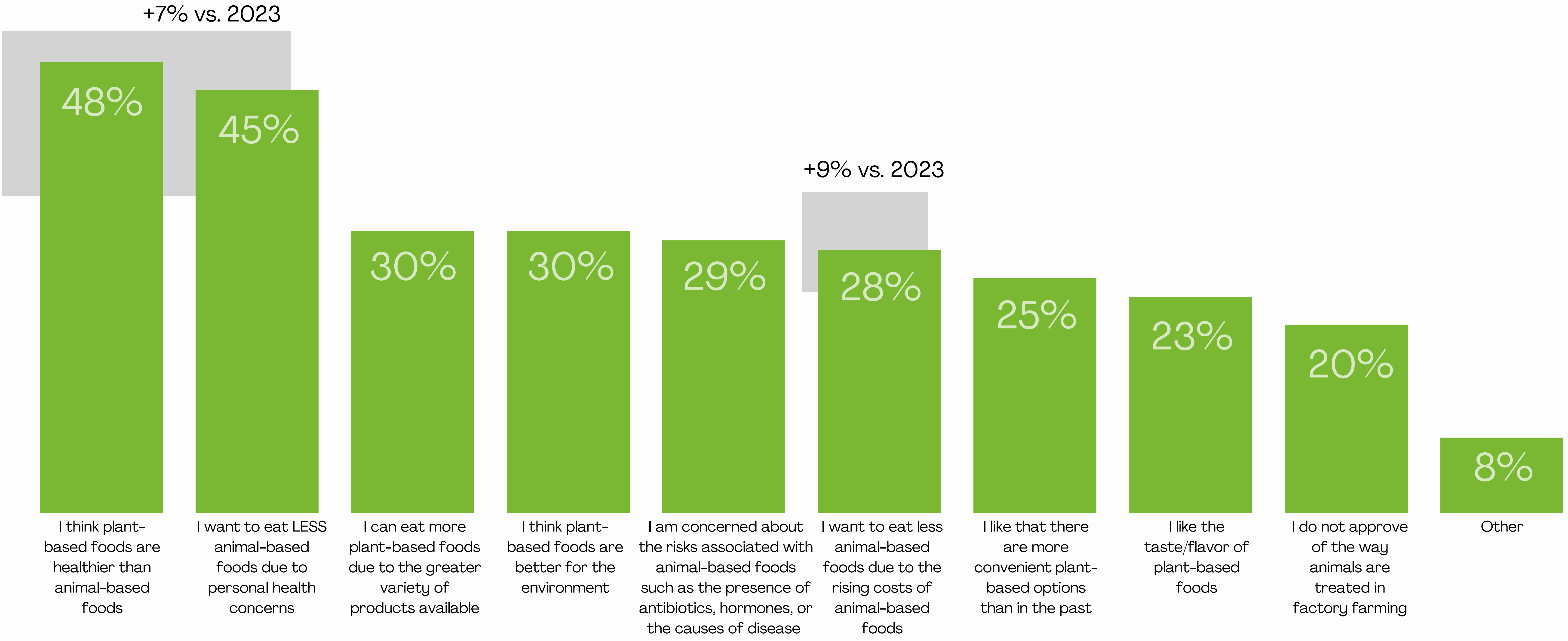
3. Of the households that decreased their spend in plant-based foods, roughly one third indicated **taste**/**flavor** as a key driver of purchasing fewer plant-based foods, followed closely by **budgetary constraints** as the second key driver.

4. Nearly a quarter of households that decreased their spend in plant-based foods indicated that there were **fewer plant-based options on shelf** compared to animal products that resulted in fewer plant-based foods purchases.

Source: 84.51° Real-Time Insights Survey, Kroger Shopper Data, 2024

ALMOST HALF OF SHOPPERS THINK PLANT-BASED FOODS ARE HEALTHIER THAN ANIMAL-BASED FOODS AND ARE MOTIVATED BY PERSONAL HEALTH CONCERNS, DRIVING A 7% INCREASE IN SPENDING

Q: Which of the following reasons are driving your decision to consume more plant-based foods instead of animal-based foods?



Source: 84.51° Real-Time Insights Survey, Kroger Shopper Data, 2024

CONSUMER INSIGHTS:
INCREASER HOUSEHOLD DEEP DIVE

1. Plant-based increasers and new buyers are shifting from animal products across all categories, with 18-37% year-over-year growth. This trend indicates a significant change in consumer behavior.

2. Health concerns and high costs of animal products are driving increased plant-based consumption. These factors strongly influence both new and existing plant-based buyers.

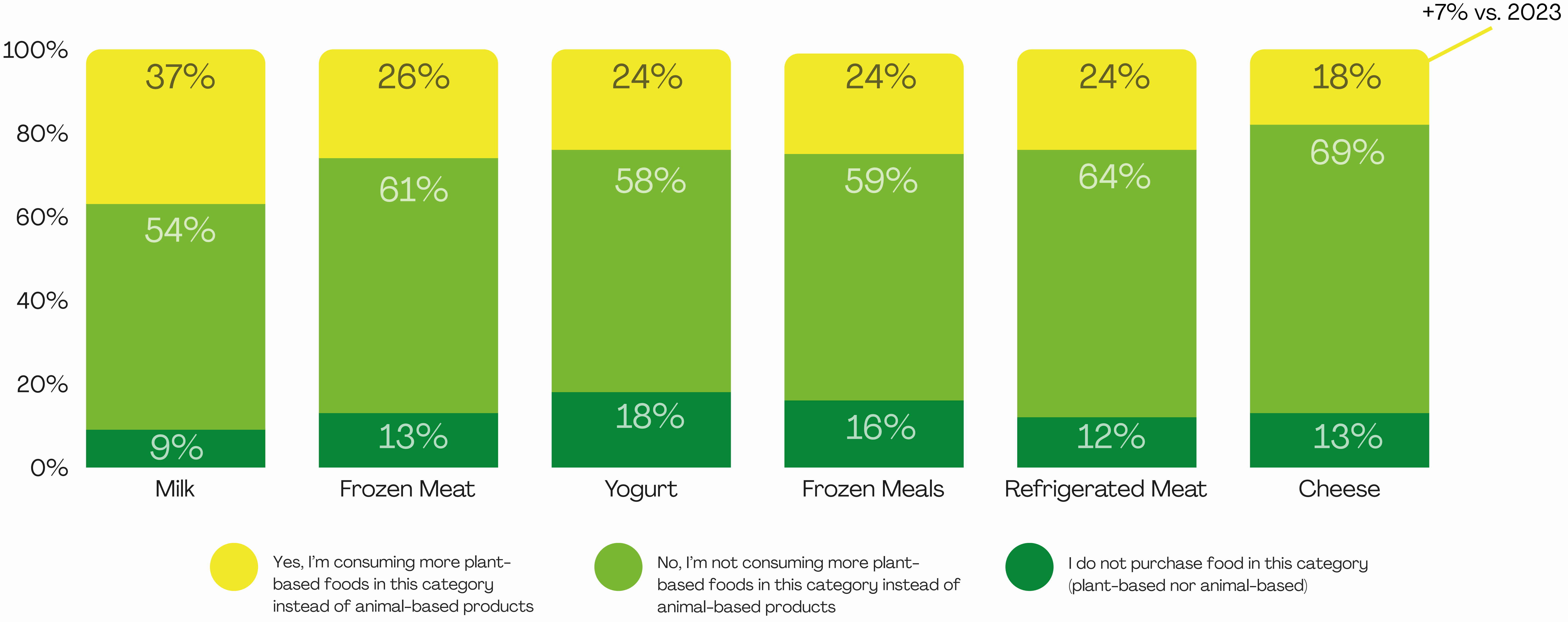
3. While most diets remain unchanged, some increase plant-based intake due to comparable taste, easier cooking, lactose intolerance, and feeling better. These factors contribute to gradual shifts.

4. To boost plant-based adoption, retailers should offer more promotions, coupons, convenient options, recipe ideas, and category education. These strategies can support consumers transitioning to plant-based lifestyles.

Source: 84.51° Real-Time Insights Survey, Kroger Shopper Data, 2024

CONSUMERS ARE CHOOSING PLANT-BASED FOODS INSTEAD OF ANIMAL-BASED FOODS AS EVIDENCED BY CONSUMPTION GROWTH IN ALL CATEGORIES, WITH PLANT-BASED CHEESE INCREASING OVER PRIOR YEAR

REDUCED ANIMAL-BASED FOOD CONSUMPTION AMONG INCREASING/NEW PLANT-BASED BUYERS



Source: 84.51° Real-Time Insights Survey, Kroger Shopper Data, 2024

CONSUMER INSIGHTS: DECREASER HOUSEHOLD DEEP DIVE

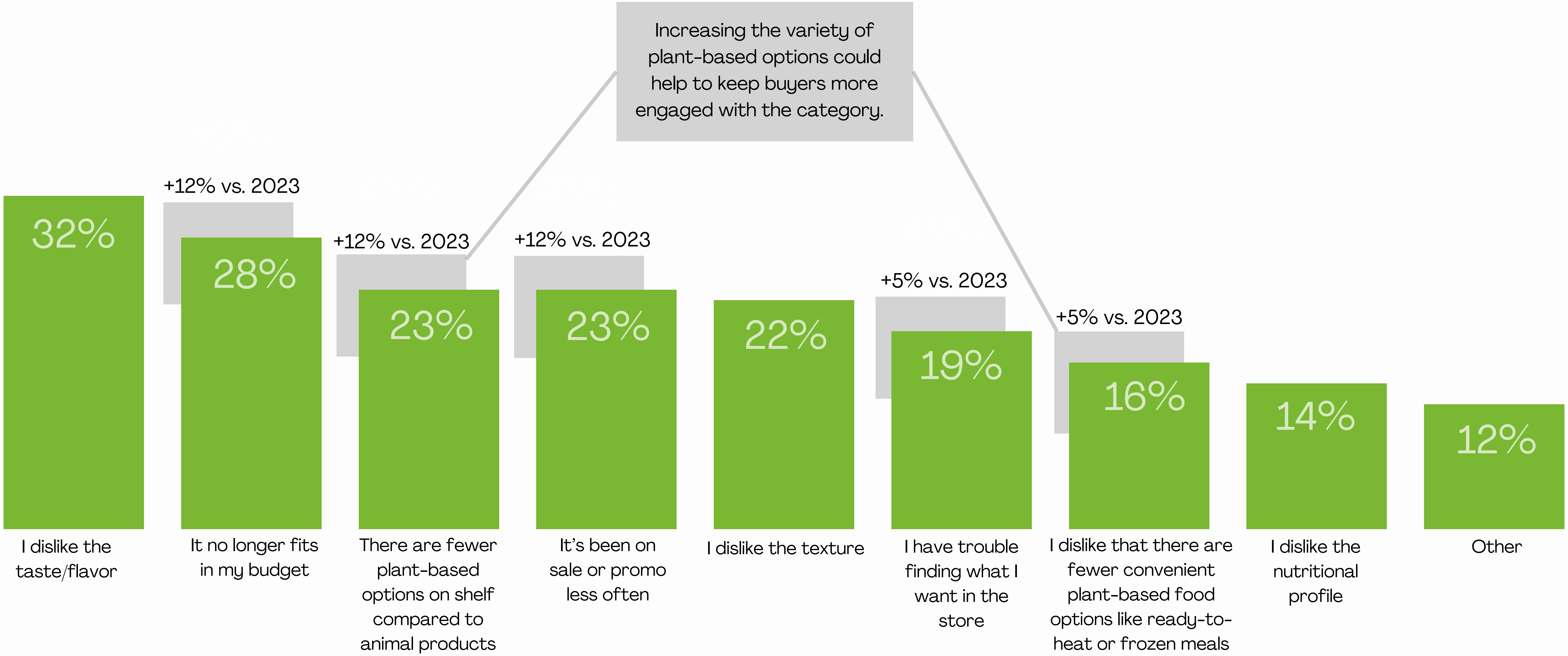
1. Decreasers and lapsed buyers of plant-based foods claim that the taste/flavor is the most important attribute driving their decision to decrease their purchase of plant-based foods compared to last year. This is followed by personal budget constraints and fewer sales or promotions. The lack of variety and disliking the texture round out the top five reasons.

2. These plant-based decreasers and lapsed buyers say that making plant-based foods more affordable, improving the taste/texture, offering greater variety and providing more nutritional benefits would make them more likely to purchase plant-based foods. Additionally, making them easier to find in store and having fewer/clean ingredients were the next highest in ranking.

Source: 84.51° Real-Time Insights Survey, Kroger Shopper Data, 2024

COST, FEWER PLANT-BASED OPTIONS, AND AVAILABILITY ARE KEY REASONS FOR DECREASED CONSUMPTION VS. LAST YEAR

Q: Which of the following reasons are driving your decision to purchase fewer plant-based foods?



Source: 84.51° Real-Time Insights Survey, Kroger Shopper Data, 2024

RECOMMENDED STRATEGIES

RECOMMENDED STRATEGIES

1 OFFER COMPETITIVE PRICING

Optimize the pricing and promotion strategy across plant-based foods to make the category a more affordable option to a larger consumer base.

2 IMPROVE THE PRODUCT

Taste and texture are critical! Expanding the variety of not only plant-based counterparts but offering completely unique items will help build this category. Fewer ingredients and clean labels are important to these health-conscious consumers.

3 IMPROVE THE SHOPPING EXPERIENCE

Ensure that plant-based products are available both in-store and online and are easy to find. Good digital and in-store signage make these easier to find.

4 INSPIRE CATEGORY ENGAGEMENT

Provide recipe inspiration and more education about the health and nutritional benefits of plant-based foods to support increased purchase interest and consumption.

Source: 84.51° Real-Time Insights Survey, Kroger Shopper Data, 2024

THANK YOU!

PLANT BASED FOODS INSTITUTE

Connect with PBFI

pbfinstitute.org

info@plantbasedfoods.org