EXECUTIVE SUMMARY

The brazilian consumer and the plant-based market research - 2022

gfi / Brazil

Credit sheet

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Companies sponsoring this research

Global leader in human and animal nutrition, with extensive expertise in developing plant-based products. Develop sustainable and renewable industrial products and an ample pantry of ingredients and solutions for food and beverages.

One of South America's largest food retail groups, with a multichannel business model encompassing the Pão de Açúcar, Compre Bem and Mercado Extra brands. Pão de Açúcar was a pioneer in the plant-based offer, and since 2019, it has been offering the best solutions for customers.

Leader in plant-based proteins, with the most extensive portfolio in the category, delivering 100% vegetable meals full of flavor. Nutritious products with natural ingredients and nothing radical: for those who like more options and ease when eating.

Offers food and beverage manufacturers technological solutions for nutrition, health and well-being, which are produced from sustainable ingredients, and translated into flavor and texture suited to consumer requirements.

A world leader in Taste & Nutrition for the food, beverage and pharmaceutical markets, creating great-tasting products with enhanced nutrition and functionality while ensuring a better impact on the planet.

Foodtech and global unicorn, NotCo acts to lead the food revolution with 100% plant-based products that deliver a taste, texture and aroma experience close, if not better, to products of animal origin.

Foodtech from the Mantiqueira Group, N.OVO has plant-based products, without cholesterol, gluten and egg, inclusive and aimed at everyone who seeks quality of life through consuming sustainable and tasty products.

Joint venture born from the union between the giants of the food sector, Marfrig and ADM, which share technology, scale, nutrition and culinary experience to offer a line of 100% plant-based meat products.

B2B Hub of "animal-free" ingredients with clean processes and in permanent expansion since 2008, currently with 4 business divisions: Distribution of Food Ingredients; Ancient Balance® Factory; Combinativity Factory; and CARNEVALE® Factory.

A global company that works to bring sustainability to the daily lives of its customers. It operates in 190 countries and has 400 brands, including Mãe Terra, which produces natural and organic food.

Plant-based food tech that, through research, innovation and production of vegan foods, provides products such as plant-based milk and derivatives. Its purpose is to facilitate access to these foods.

The Brazilian Consumer and the Plant-Based Market Research - 2022

The 2022 survey “The Brazilian Consumer and the plant-based Market” reinforces many of the results found in the previous study, published in 2020: the perception that Brazilians are more concerned about their health and seek to incorporate healthier options into their day by day; the predominance of a diet focused on reducing rather than eliminating animal products; and the ever-increasing use of alternative vegetable proteins to replace animal products.

Table with summary of comparable data between the 2020 and 2022 surveys		
	2020	**2022**
Reduction in meat consumption in the last 12 months	50%	67%
Consumption of some vegetable alternative to substitute animal protein at least once a week	59%	65%
Replacing animal meat only or mainly with vegetable meat	25%	34%
Preferred way to consume plant alternatives		
Cooking at home	53%	52%
Delivery by delivery	9%	18%
In bars and restaurants	8%	15%

Source: [O Consumidor Brasileiro e o Mercado Plant-Based 2020, GFI Brasil]
Source: [O Consumidor Brasileiro e o Mercado Plant-Based 2022, GFI Brasil]

In 2022, 67% of Brazilians reduced meat consumption, a significant increase of 17 percentage points compared to 2020. Brazilian consumers show no interest in going back to consuming meat as they have been doing in recent years. The perception is that consumers are increasingly seeking to adopt a diet focused on reducing - rather than eliminating - animal products. This behavior is called flexitarianism and represents 28% of Brazilians, who see this reduction as a defining part of their eating behavior.

In place of proteins of animal origin, the study indicates that both at home and in the food service, vegetable alternatives are already part of the routine of 65% of Brazilians. When we deal with analogous vegetable alternatives, that is, those that mimic animal products in appearance, texture and flavor, 26% of consumers consume these products at least once a week.

Regarding the population that reduced the consumption of animal meat in the last 12 months, 34% replaced it only or mainly with vegetable meat; in 2020, this percentage was 25%. Among those who reduced meat consumption to improve their health, 57% use plant-based meat as a substitute. Among consumers who reduced consumption because of the price, one in three adopts plant-based meat as a substitute for animal meat; which has helped a relevant portion of Brazilians maintain the nutritional and sensory experience of meat daily while animal meat remains expensive.

Still talking about respondents who reduced their consumption of animal meat in the last 12 months, 47% intend to reduce even more next year, and 46% plan to maintain current consumption. Even among Brazilians who eat less meat because of rising prices, 33% want to reduce their intake further next year, and only 10% intend to increase it. This analysis reveals that, although many consumers are initially motivated by price, by incorporating the reduction and replacement habit into their daily lives, they experience benefits they decide to maintain. It is clear how important it is for the alternative proteins sector to invest in the best possible experience so that Brazilians continue to incorporate this habit into their routine.

The majority (58%) of consumers bought a vegetable alternative for the first time in physical stores in markets or supermarkets. Daily meals (65%) and quick meals (58%) are when people most want to have plant-based alternatives available, indicating that vegetable alternatives are conquering the palate of Brazilians and being embraced by their daily lives.

The biggest obstacles to buying plant-based alternative proteins are the high prices (39%), the difficulty of finding them (30%) and the taste (21%). In 2020, the GFI Brazil survey had already drawn attention to these aspects. One-third of people pointed to some characteristic of the product itself as the main reason for not consuming plant-based alternatives: whether it is an unpleasant taste, texture, smell or other issues related to the composition of the food.

The survey also reveals that 61% of consumers have looked for some similar vegetable alternative in the last six months, but only 8% found all the similar products they were looking for; that is, for 53% of consumers, this search was frustrated at some point. Hamburgers, ground beef and plant-based meatballs, the most consumed types of plant-based meats with the most copies launched, are also the products with the highest percentage of frustrated demand.

Brazilians prefer to cook or prepare their analogous vegetable products at home. Since 2020, the proportion of consumers who prefer to consume plant-based alternatives in restaurants and delivery has grown significantly, doubling - from 9% to 18% - in the case of delivery. We can see that the consumption of plant-based foods has been following the general changes in the Brazilian consumer's eating habits and preferences, such as, for example, the growth in ordering meals through delivery, primarily caused by the covid-19 pandemic.

Regarding the level of information and the type of perception the Brazilian consumer has about ultra-processed foods, the vast majority (89%) have already read or heard about the subject. The frequency of consumption of similar vegetable alternatives positively correlates with the degree of information about ultra-processed foods. This data indicates that the more people research issues related to food and health, the more they choose vegetable alternatives. It was also possible to see that the greater the degree of information about ultra-processed products, the greater the perception that these products, in general, are bad for health. However, 39% believe this depends on the manufacturing process and the ingredients used.

For most Brazilian consumers, there is no direct association between analogous vegetable alternatives and ultra-processed foods, since 49% understand that this depends on the ingredients and manufacturing process used, and 24% cannot say whether or not they are ultra-processed. Meanwhile, 52% of respondents say that their purchase decision is based on the nutritional table and the product's ingredients when food is ultra-processed. On the other hand, we also see that one in three consumers (32%) are not concerned if the food is ultra-processed when buying it.

In the opinion of 78% of consumers, new technologies in food production can help solve environmental issues, and 75% are willing to try products made from them. In addition, 68% agree with the idea that plant-based meats can be part of their eating habits in the future. While 58% of respondents understand that animal meat production has a negative environmental impact, one in three (34%) disagrees with this statement. Those who agree that animal meat production brings more benefits than harm to Brazil represent 58%.

There is a high degree of appreciation for Brazilian ingredients, such as nut oils or grain proteins, since 87% of consumers agreed totally or partially with the statement that they value products made with ingredients native to the country. Their use in analogous vegetable alternatives can bring very positive results if combined with good communication that emphasizes their benefits (both for consumer health, environmental preservation, and the local economy's development).

Recommendations for the industry

1 The research reinforced that the triad of the analogous vegetable protein sector remains in taste, price and convenience, as per previous GFI studies and analyses. Delivering the sensory experience that the consumer expects is one of the primary motivators of this consumer. It needs to be tasty and, allied to that, concerns about the product's composition have also become increasingly important. Price was and will continue to be a sensitive factor for consumers. Please pay attention to the positioning of your product in front of the competitor and its analog of meat. If kibbeh, for example, is not a premium product in animal protein, it probably won't be in vegetable protein either. A pricing policy out of position in the category will not be effective.

2 The vast majority of consumers looking for analogous vegetable proteins in recent months have not found the item they were looking for, either in physical market stores, websites, or delivery apps. It is vital to analyze if the product is placed (retail and food service) where the consumer is looking for or if it is necessary to improve their disposition in the store, making them easier to find. Balancing this triad remains the industry's primary challenge and the consumer's main desire. Once this barrier is overcome, the sector will be ready to advance on new fronts.

3 Flexitarians are the primary target audience of the alternative plant-based protein industry. Thus, avoiding highlighting the word "vegan" and "vegetarian" on product labels can bring better results, as it helps not to limit disclosure and marketing to these more restricted audiences.

4 Women are more adept at flexitarianism, are presented as the leading decision-makers concerning family food and show more interest in experimenting with new categories of vegetable alternatives. The plant-based industry must win over the female audience, which necessarily involves offering transparency to raise their perception of the healthiness of these products.

5 Supermarket advertising stimuli exert a more significant influence than external advertising stimuli or before the moment of consumption. These on-the-spot actions (such as discounts, tastings, advertising material at the point of sale, and even displaying the product near other products of animal origin) are opportunities to be explored by retailers.

6 Consumers seem to be trying to balance factors to make a healthier purchase, and often they don't have enough information to analyze everything on their own. In this sense, educational work by industries, explaining ingredients, nutrients and their functions and showing production processes, for example, can bring consumers closer together. There is an opportunity for the alternative protein industry to clarify the issue of ultra-processed foods with consumers since there is no direct association between them.

7 The use of native ingredients in analogous vegetable alternatives can bring very positive results if combined with good communication that emphasizes their benefits both for consumer health, for environmental preservation and the development of the local economy.

About the research

Aiming to better understand the behavior of Brazilian consumers in relation to the consumption of analog protein alternatives, we updated the research carried out in 2020 in partnership with Toluna – a global consumer research and insights company. 2,500 people were interviewed, including men and women, aged 18 or over, from the ABC classes and from the five regions of the country. The survey was conducted using an online quantitative questionnaire with 28 autocomplete questions. Responses were collected between May 27 and June 1, 2022. The maximum margin of error for the total sample is two percentage points, considering a confidence level of 95%. Based on the results of the questionnaire, the team of specialists at GFI Brasil produced complementary analyzes that help to understand and contextualize the data.

About The Good Food Institute

The Good Food Institute is a nonprofit philanthropic organization working to transform the food production system. Our team has professionals from Brazil, the United States, India, Israel, Europe, and Asia Pacific countries. We work to build a world where alternative proteins are the safest, fairest and most sustainable option to feed the population through a food production system that does not depend on animals and respects the environment.

All the work developed by GFI is offered free of charge to society, and we can only do it because we have the support of our family of donors. We act in such a way as to maximize donations from our community of supporters, always seeking the most outstanding efficiency in using resources.

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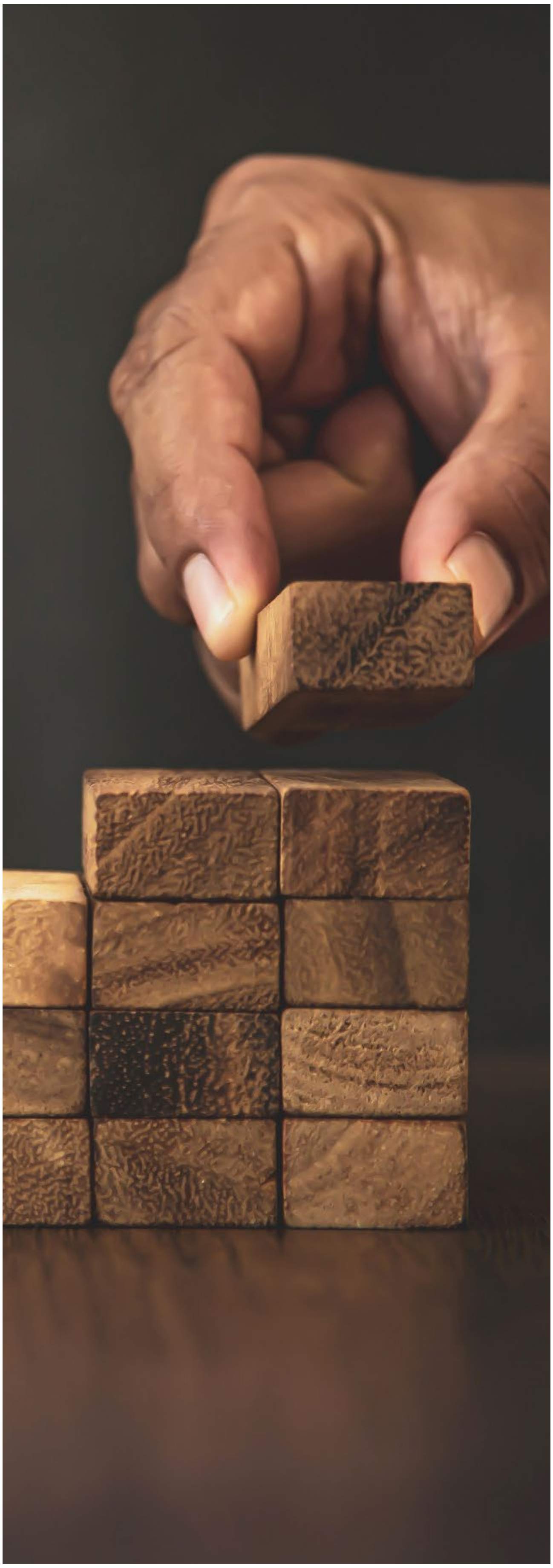

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The Good Food Institute Brasil

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