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Global consumer trends in the protein market

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Contents

Introduction and Methodology

This report has been compiled by FMCG Gurus for Fi Global. The report examines protein trends across the global market, focusing on why high protein products are becoming more popular and the challenges and barriers that are emerging from this. There is a specific focus on how the active nutrition market and consumers adopting a long-term and proactive approach to health, as well as consumers adopting alternative dietary plans, are driving demand for high protein products. The report examines why consumers are turning to high protein products and the benefits that they associate with such products, as well as what alternative protein sources consumers are most and least aware of. The report also examines key barriers that exist when it comes to sports nutrition products becoming more mainstream, as well as some of the key issues faced when it comes to the long-term success of the plant protein market.

The report has been compiled using a variety of FMCG Gurus surveys that have been conducted over the period 2018-2020. These surveys are highlighted in the appendix section of this report.

Executive Summary

Protein claims continue to grow in appeal across the globe. Unlike other health ‘fads’ such as the superfood plan, the desire for high protein products is something that has been incorporated into everyday consumer attitudes and behaviors. This is something that will intensify in 2020 and beyond because of consumers becoming more health conscious in the wake of COVID-19 and seeking out ingredients that help boost health. Protein is an ingredient that appeals to the masses because it is an ingredient that they know and trust, can be found in everyday food and drink and is something that consumers do not necessarily have to pay a premium for. Moreover, it is associated with health claims that appeal to men and women.

Whilst the sports nutrition market has become more mainstream and the alternative protein market continues to grow, consumers are most likely to try and obtain their protein from everyday food and drink products such as meat and dairy. Additionally, when it comes to alternative protein sources, consumers are most likely to be aware of protein sources such as rice, peas and soy, which are staple ingredients in many diets. As such, the growth in popularity of protein is not something that is just driving demand for prepackaged products that command a premium price. Instead, it is also something that is making ingredients such as chickpeas and lentils, that were previously associated more with vegan and vegetarian diets, fun and fashionable.

Although consumers who engage in physical activity remain a core audience for the protein/ sports nutrition market, its mainstream evolution is being driven by everyday consumers looking for a convenient health boost. These consumers tend to take a proactive rather than reactive approach to health and are looking to stay fit and active until as late in life as possible. At the same time, these consumers can recognize that current diets and lifestyles could lead to health problems later in life. As such, these consumers are trying to make changes to their dietary plans, such as substituting traditional snack products for sports nutrition alternatives.

Alternative protein products are growing in popularity as a result of consumers trying to change their diets in order to lead a more sustainable lifestyle. Often consumers are motivated to do so because of the health benefits associated with such eating and drinking habits. Consumers are concerned about the state of the environment and believe that damage done is irreversible. As a result of this, they are adopting vegan, vegetarian and flexitarian dietary plans where they are either looking to reduce or eliminate meat and dairy from their diets. At the same time, they also recognize that cutting down or abstaining from meat or dairy deprives them of vital sources of protein. As such, plant-based food and drink products not only need to be environmentally friendly but also a good source of protein.

Despite the continued popularity of protein, it is important not to over-estimate consumer education and awareness on the subject. Indeed, desires to increase protein are often aspirational. Consumers tend not to be over-attentive to how much protein they intake daily and do not actively monitor this. Moreover, they are more likely to turn to high protein products for general health and wellness purposes rather than specific and specialist health issues. This means that whilst consumers may associate protein with being good for them, they may not be able to specifically say why this is. It also means that it is important not to over-estimate if consumers prefer specific protein sources.

Consumers recognize a variety of protein sources. At the same time, it is important not to overestimate if consumers prefer one source of protein over another. For instance, overall, consumers do not have a clear preference for plant or whey protein. Rather than obtain protein from a specific source, consumers will look to lead a balanced diet which includes a variety of food and drink, many of which will be associated with high protein content. As such, the source of protein will be less important compared to other product attributes such as price, sensory appeal and whether the product can be easily incorporated into daily diets.

Whilst there is favorable sentiment that exists towards prepackaged products that are high in protein, it is important to recognize that barriers can exist towards the market. One of the reasons why consumers can turn to high protein products is because it is deemed a safer alternative to traditional energy boosting products. Additionally, consumers also expect high protein snacks to offer a nutrition boost, which is important at a time when meal skipping is common. This is a key reason why consumers have looked to substitute traditional snack products such as chocolate for high protein/low sugar alternatives in recent years. However, it must be remembered that these consumers are not active gym goers and will want products to be easy to incorporate into their diets in a compromise-free manner. Currently, barriers can exist when it comes to areas such as taste and price.

In recent years, consumers have become more concerned about the environment, believing that damage done is irreversible and this is something that will have implications on quality of life for current and future generations. As a result of this, consumers are changing their eating and drinking habits, looking to reduce their intake of meat and dairy. This is also linked to the concept of ethical elitism and plant-based products reflecting consumers' attitudes and outlook on life.

Whilst plant-based protein products align with several key consumer need states, it is important to recognize that barriers exist that need to be overcome. This is especially true when it comes to consumers who are turning to plant-based food and drink because they are following a strict vegan or vegetarian dietary plan. Despite efforts to try and convince consumers otherwise, perceptions can exist that healthy food is bland and boring. The plant protein market is no exception to this, and consumers can feel that plant-food, meat analogues and dairy alternatives can lack in sensory appeal. Moreover, consumers can also associate plant protein products with carrying a premium price. This is a challenge for consumers at a time when they are juggling and struggling with their finances – something that will be intensified as a result of consumers worrying about the economic implications of COVID-19. As such, it is important that plant protein products are also seen to be affordable and tasty.

Whilst much attention has been given to the growth of the insect protein market, it is important not to overestimate the opportunity that exists. This is especially true in regions such as Europe and North America. Indeed, many consumers do not feel comfortable with the idea of eating processed insects, irrespective of any associated health and sustainability benefits. The basic premise for this is that the idea of eating insects in any capacity disgusts them, something that the industry will find a challenge when addressing. At least in the short-to-midterm, the reality is that insect protein will remain something of a niche market.

As within anything related to food, drink and supplements, the protein market will be impacted in 2020 and beyond by the ongoing COVID-19 crisis. Consumers are becoming more conscious about their health and wellbeing and are looking to change their diets to address this. Linked to this, they are also turning to ingredients that they associate with boosting their health and immunity, such as protein. At the same time, consumers will be adopting a back-to-basics approach to nutrition, turning to everyday food and drink products such as fruit and vegetables to boost health. This is because consumers know and trust these products and crucially, also deem them to be affordable. This means that in 2020 and beyond, everyday products that are deemed high in protein, cost effective and easy to incorporate into daily diets will grow in appeal.

Protein is an ingredient that has become more popular in mainstream society

Two types of mainstream consumers driving the protein trend

Over the last decade, there has been a surge in interest in high protein products across the globe. Moreover, unlike over 'fad' diets such as the superfood diet, the demand for high protein offerings has become well ingrained in day-to-day need states. Often, the demand for protein is something that can often be driven by aspirational needs rather than requirement purposes, for instance, many consumers believe that they already have enough protein in their diet, whilst relatively few pay close attention to their day-to-day intake. Instead, the desire to turn to high protein diets is driven by consumers who associate the ingredient with a myriad of physical and mental health benefits. In a COVID-19 environment, the demand for health boosting ingredients will intensify as consumers look for ways to reduce the risk of disease and illness.

This has resulted in the evolution of the protein market in two key ways. Firstly, protein has become an influential claim when it comes to targeting consumers and influencing purchasing and eating and drinking habits. This means that well established products and brands have put a renewed emphasis on raising awareness on protein content, no longer restricting such information to nutritional labeling but instead making it a standout claim on packaging. Secondly, high protein products more commonly associated with those who engage in active gym routines, have become more popular amongst everyday consumers who are looking for a quick and convenient way to boost their health at a time when they find leading a nutritious and balanced diet to be a challenge because of issues such as time-scarcity.

Whilst active gym goers will continue to be a core audience for high protein products, the mainstream evolution of high protein products – including alternative protein sources – will be driven by two key consumer groups:

- **Active nutrition consumers:** These are consumers who do not necessarily go to the gym every day or engage in strenuous activity such as running marathons. However, they do take a proactive rather than reactive approach to health and want to try and stay fit and active until as late in life as possible. Whilst some of these consumers are satisfied with their approach to health, there are others who feel that their current diets and lifestyles increase the risk of health products later in life. These consumers are looking to turn to better-for-you products to improve their health and see high protein products as an effective way of achieving this. When it comes to this group, it is important not to over-estimate their awareness and education about protein, or underestimate barriers that exist when it comes to targeting these consumers.

- **Healthy and sustainably minded consumers:** Across the globe, many consumers are adapting their eating and drinking habits, looking to follow vegan, vegetarian and flexitarian dietary plans. Consumers believe that these dietary plans are better for the environment whilst also having the additional benefit of being healthier for the individual. At the same time, consumers recognize that cutting down/eliminating food and drink types such as meat and dairy will impact on protein intake – an ingredient they associate with having an array of benefits. As such, consumers not only expect plant products to carry health and sustainability claims, but also to be high in protein.

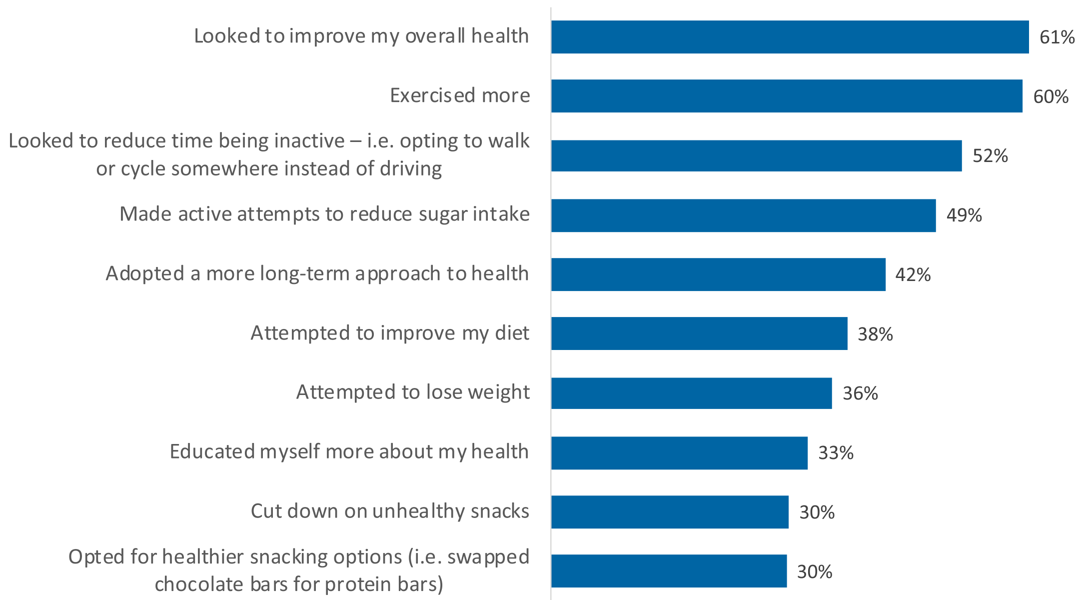
For both consumer segments, opportunities and challenges exist for the industry when it comes to high protein products.

Consumers are looking to increase their intake of protein for general health and wellness purposes

A focus on healthy living has resulted in greater interest in protein

Over the last decade, consumers have attempted to take a proactive approach to health in order to stay fit and active until later in life as possible. Although rising levels of obesity and diabetes rates may raise questions about the success of such actions plans, it nevertheless shows that consumers are at least trying to improve their health. For instance, a Q3 2019 survey of health-conscious consumers across twenty-six countries found that 61% of consumers have looked to improve their overall health and lifestyle in the last two years. When it comes to improving overall health, diet is central to this. An FMCG Gurus Country Profile survey conducted over the period 2019/2020 found that 58% of consumers say that they are actively looking to improve their diet. This shows that consumers do not believe exercise is enough to improve health and wellness and that a healthy balanced diet is deemed integral to this. As such, consumers are taking a greater interest in products that contain health boosting ingredients.

In the last two years, have you tried to do any of the following?

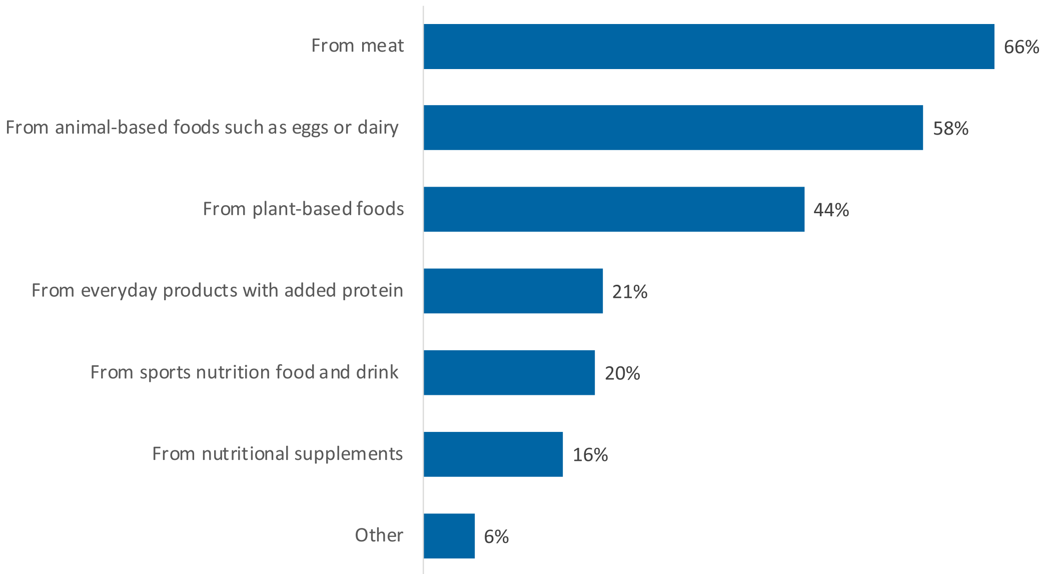


Source: Active Nutrition survey, Q3 2019

Traditionally, improved dietary habits have been primarily associated with weight loss. This is something that will remain important for the 26% of consumers across the globe that are currently on a diet to lose weight. However, as consumers have become more educated on the topic of health and wellbeing, they have adopted a broader approach to what constitutes a balanced diet. Indeed, consumers are no longer just looking to eliminate dietary evils from their eating and drinking plans but instead, are also looking to increase intake of ingredients associated with boosting health beyond basic satisfaction of hunger. This can be linked to the fact that 47% of consumers say that they regularly research different ingredients that boost health.

This interest in functional ingredients is something that is resulting in consumers trying to increase their intake of protein. Across the globe, a total of 39% of consumers say that they would like to increase their intake of protein. There are many reasons why consumers demonstrate favorable perceptions towards protein. They recognize it is an ingredient that can be found in everyday food and drink products that they trust and deem to be affordable. Moreover, whilst previous health boosting ingredients in the spotlight such as antioxidants have had more of a feminine image, protein is something that appeals to men and women. This is because the ingredient is associated with muscle mass as well as general health and wellbeing. Additionally, consumers believe it is an ingredient that they can easily incorporate into their everyday diets, something reflected by the fact that consumers are most likely to say that they get their protein from meat (66%) or animal-based produce such as eggs or dairy (58%).

Where do you get your protein from?



Source: Meat and Plant-Based Protein survey, Q4 2018/Q3 2019

It is worth noting that in the light of COVID-19, the appeal of protein is something that will continue to appeal to consumers. For instance, a total of 73% of consumers across the globe say that they plan to eat and drink healthier as a result of coronavirus. When asked what steps they will take, 37% said that they would directly look to increase their intake of protein. In addition to this, 58% said that they plan to eat more fruit and 41% said this when it comes to vegetables. These sources will be deemed to be affordable by consumers and associated with high protein content. This means that directly or indirectly, consumers will look to increase their intake of protein in 2020 and beyond.

Meal-time fragmentation is a key reason for the growth in popularity of high protein products

Another reason for the growing popularity of protein over the last decade is that it is an ingredient that is associated with a myriad of health benefits. This is a key reason why sports nutrition products have become more mainstream in the last couple of years, turned to not just by active gym goers but by everyday consumers looking for a convenient way to boost health. For instance, 51% of global consumers say that in the last twelve months, they have looked to substitute traditional snacking options such as chocolate and sugar confectionery in favor of high protein/low sugar alternatives. This shows that the demand for high protein products is being driven just as much by trends such as meal-time fragmentation and increased snacking as it is consumers taking a serious interest in different protein sources.

This is a trend that will continue in the future, especially as time-scarce consumers skip meals more frequently and as such, turn to snacks that they deem to offer genuine nutritional value:

- Across the globe, 24% of consumers say that they skip breakfast at least two times in the average week, whilst 25% say this when it comes to lunch. Dinner is a meal that consumers are less likely to skip frequently (16% saying that they skip such occasions twice a week on average).

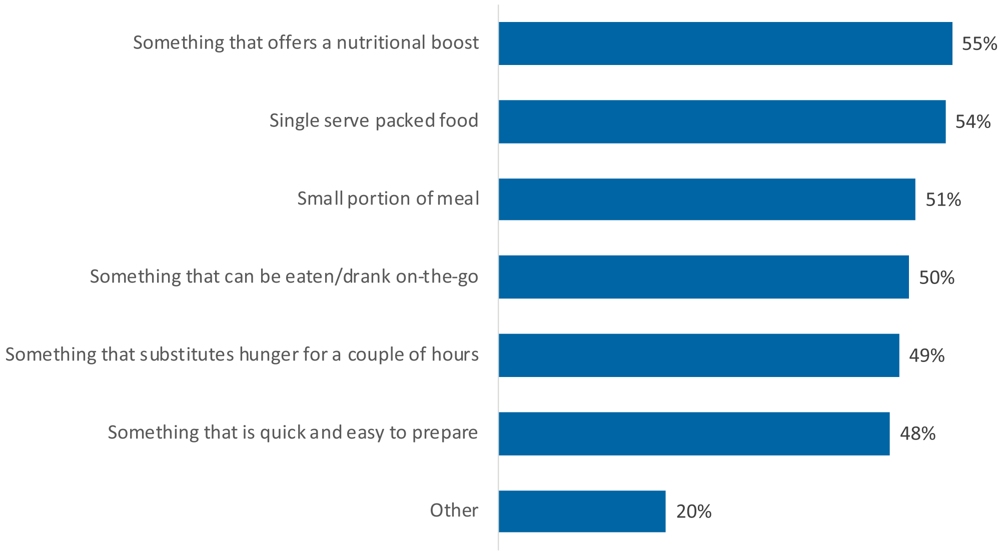
- A total of 50% of global consumers say that when they skip a meal, they replace it with a snack, this shows that for many consumers they expect snacks to offer genuine nutritional value – something reflected in expectations when it comes to the benefits they expect from snacking occasions.

- Over half (54%) of all consumers say that they expect snacks to offer a nutritional boost, whilst 51% say that they classify snacks as a small portion of a meal. This means that consumers expect snacks to offer a health benefit beyond simply satisfying hunger.

- Changing and skipped mealtime habits is something that will also result in consumers feeling tired and fatigued throughout the day. As a result of this, 63% of consumers say that they are interested in products that offer a natural energy boost to get them through the day. As will be highlighted later, protein is an ingredient that is associated with boosting energy, further enhancing the appeal of snack products.

One of the key reasons why consumers are prone to skipping meals is because of a lack of time. This shows that the demand for high protein products is not just being driven by health-conscious consumers, but also those who are turning to better-for-you snacks for nutritional and energy boosting purposes as a substitute for poorly structured meal time habits.

What do you consider a snack to be?



Source: Active Nutrition survey, Q3 2019

Protein is an ingredient that is associated with a variety of health benefits

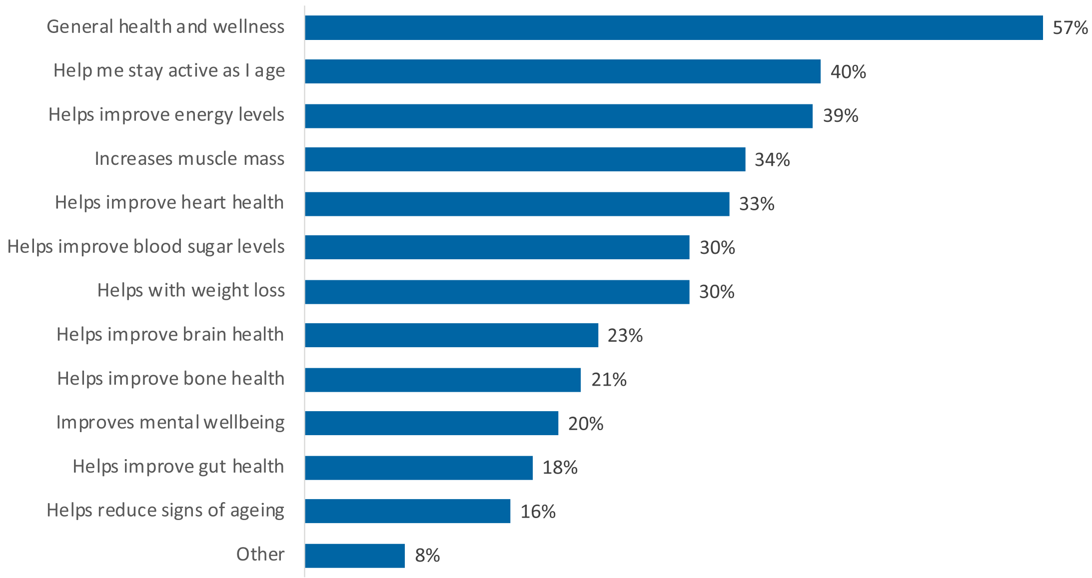
As mentioned, one of the reasons for the popularity of high protein products is that the ingredient is associated with offering an array of health benefits, appealing to consumers who adopt the notion of holistic health. This concept relates to consumers recognizing that all aspects of health and wellness are interlinked and should not be treated in isolation as they impact on each other. Again, in a COVID-19 environment, consumers will want to look after all aspects of their health. For instance, a total of 59% of global consumers say that they have become more conscious about their overall health and wellness as result of coronavirus. When it comes to holistic health, FMCG Gurus research conducted over the period 2018/2019 shows the following:

Proportion of consumers who recognize the link between the following types of health and good overall health

Source: Healthy Ageing survey series Q4 2018/Q3 2019

As consumers embrace the concept of holistic health, they will turn to ingredients that they associate with helping address all these issues. This is something that will benefit the protein market. Indeed, FMCG Gurus asked consumers what benefits they associate with protein. The research shows that by far, the most popular answer is that they help to improve general health and wellness (57%) followed by helping stay fit and active as I age (40%). This indicates that consumers are more likely to turn to protein products not to address specific health issues or concerns, but instead to try and improve overall health. This will be driven by the motivation to stay fit and active until as late in life as possible. Again, this is something that will intensify in a COVID-19 environment as consumers recognize that senior citizens can often be more vulnerable to disease and illness.

What benefits do you associate with protein in general?



Source: Meat and Plant-Based Protein survey, Q4 2018/Q3 2019

The research also shows that consumers associate protein with helping boost energy levels (39%). Consumers can often feel that the frantic nature of modern life leaves them exhausted as they look to cram as many activities into the day as possible and struggle to switch off and relax. This is something that can impact on their abilities to perform day-to-day tasks to the best of their abilities because of feelings of tiredness and fatigue. However, at the same time, consumers can often be worried about the safety of products within the traditional energy boosting market because of the ingredients used. As such, high protein products are often deemed a more natural and safer way to obtain an energy boost.

Overall, the findings show that the average consumer does not turn to high protein products for specific benefits but instead more general issues. Whilst it is a positive that consumers want to seek out high protein products to boost their general health and wellness, it does create the situation whereby consumers may be turning to such products for the wrong reason or are not monitoring their specific protein intake closely.

Consumers are not attentive to their daily protein intake

Given that consumers are turning to high protein products for general health and wellness purposes, it is important not to overestimate the extent that consumers are attentive to their daily intake of protein. Indeed, whilst four in ten consumers want to increase their intake of protein, 62% of consumers say that they believe that they have enough protein in their diets. Moreover, only 36% of consumers say that they know how much protein they have had in the last twenty-four hours, whilst only 20% say that they use apps to monitor their intake of the ingredient.

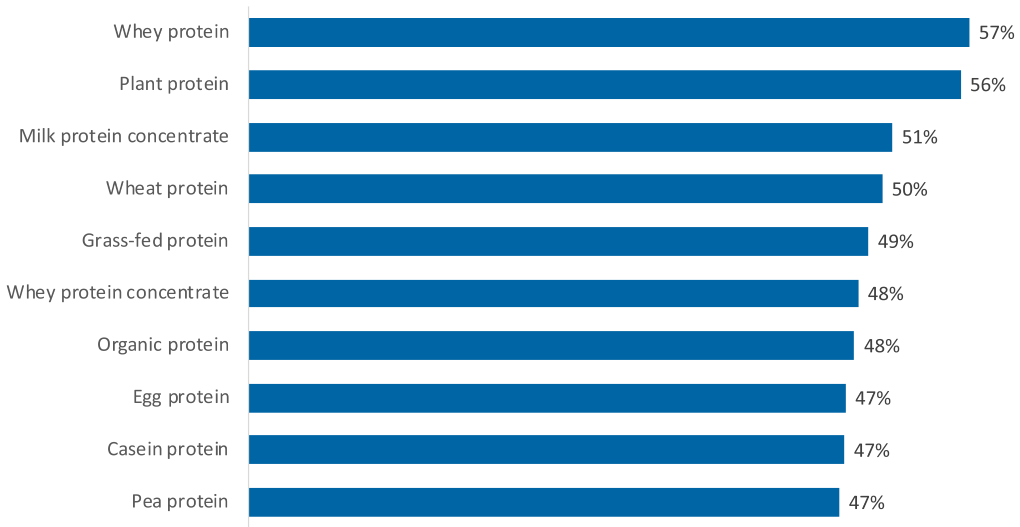
In addition to this, only 53% of global consumers can actually state why they need protein in their diets. This shows that when it comes to evaluating protein trends across the food, drink and supplement markets, it is important not to over-estimate how educated consumers are on the subject.

Do not over-estimate the extent that consumers prefer one protein source over another

In recent years, much attention has been given across the industry to what types of protein sources consumers prefer the most. This is because brands have looked to differentiate products based on the type of protein that they have used. Whilst in some cases, the growth of vegan, vegetarian and flexitarian diets has resulted in consumers seeking out plant-based protein sources as a substitute for meat and dairy, the reality is that overall, consumers have very little preference when it comes to protein source.

Indeed, FMCG Gurus asked consumers about what protein sources they prefer. The research shows that marginally, whey protein (57%) is preferred to plant-based protein (56%). However, the figure is so little in difference it cannot be stated that consumers prefer one source of protein to another. The research shows that rather than have a clear preference for one protein source, most consumers want to obtain protein from a variety of sources. This is because they will associate a healthy and balanced diet with incorporating a wide range of food and drink types and additionally, will associate protein with many of these sources. This further reflects the findings in an earlier graph that shows that consumers like to obtain protein from a variety of sources.

How appealing are the following types of protein sources?
Respondents who said appealing or very appealing
Top ten answers



Source: Active Nutrition survey, Q3 2019

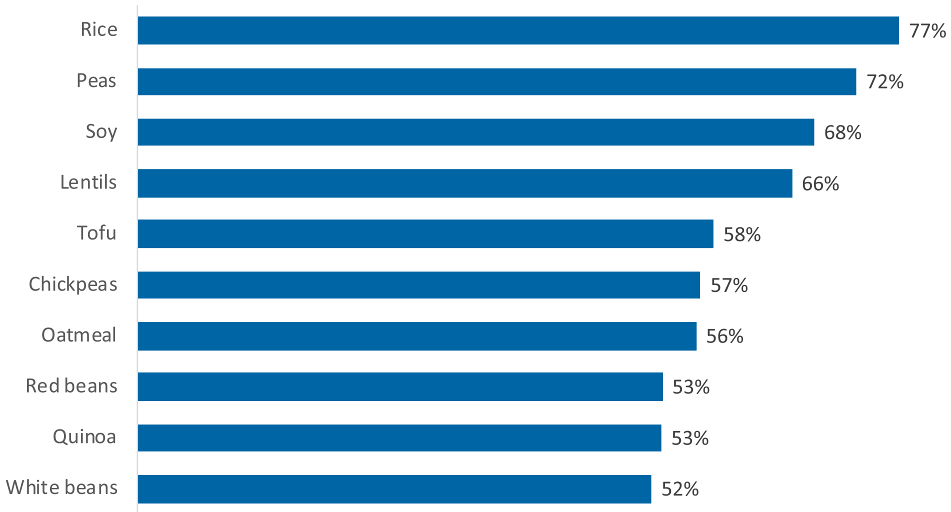
This, combined with the fact that consumers are more likely to turn to high protein sources for general health and wellness purposes, means that consumers will not be influenced by protein source claims alone. Instead, they will be influenced by high protein claims in general if the product is deemed to be affordable, indulgent and easy to incorporate into everyday diets.

Consumers recognize a variety of protein sources

In recent years, much attention has been given to the appeal of alternative protein sources. Whilst many of these ingredients now have something of a fashionable image because of their alignment with ethical and environmental movements, it must be remembered that these ingredients are not new to the market. Instead the difference is consumers are now giving more consideration to – and are being more influenced by such claims – because they align with evolving dietary habits and outlook on life.

FMCG Gurus asked consumers across the globe if they were aware of different protein sources. The research shows that consumers are most likely to say that they are familiar with rice, peas and soy containing protein. These are staple ingredients that are often found in everyday diets. This reaffirms how many alternative protein sources to meat and dairy are not new to the market, they have simply become more fashionable. This is further reflected by the fact that ingredients such as lentils, tofu and chickpeas, once more associated with vegan and vegetarian diets, are now associated with being a sustainable and healthy source of protein.

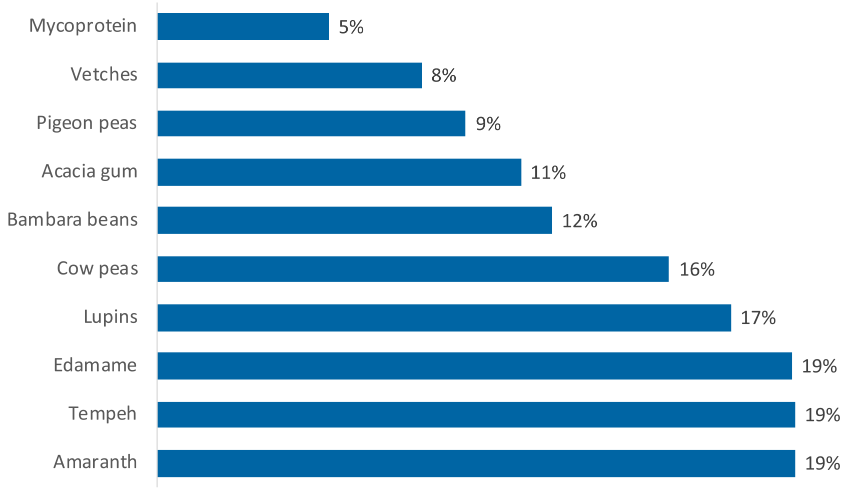
Have you heard of the following types of food and drink/ingredients?
Top ten answers



Source: Meat and Plant-Based Protein survey, Q4 2019/Q3 2019

On the reverse of this, FMCG Gurus research shows that there are a variety of protein sources that consumers are less familiar with. This shows that more can be done to educate consumers about different protein sources. Mycoprotein is the protein source that consumers are least likely to be familiar with. The ingredient is forecast to grow in popularity over the next decade. Indeed, FMCG Gurus forecasts by 2030, fungi will be a major source of food supply for consumers. As such, the industry needs to do more to grow awareness of different sources to help facilitate such growth.

Have you heard of the following types of food and drink/ingredients?
Bottom ten answers



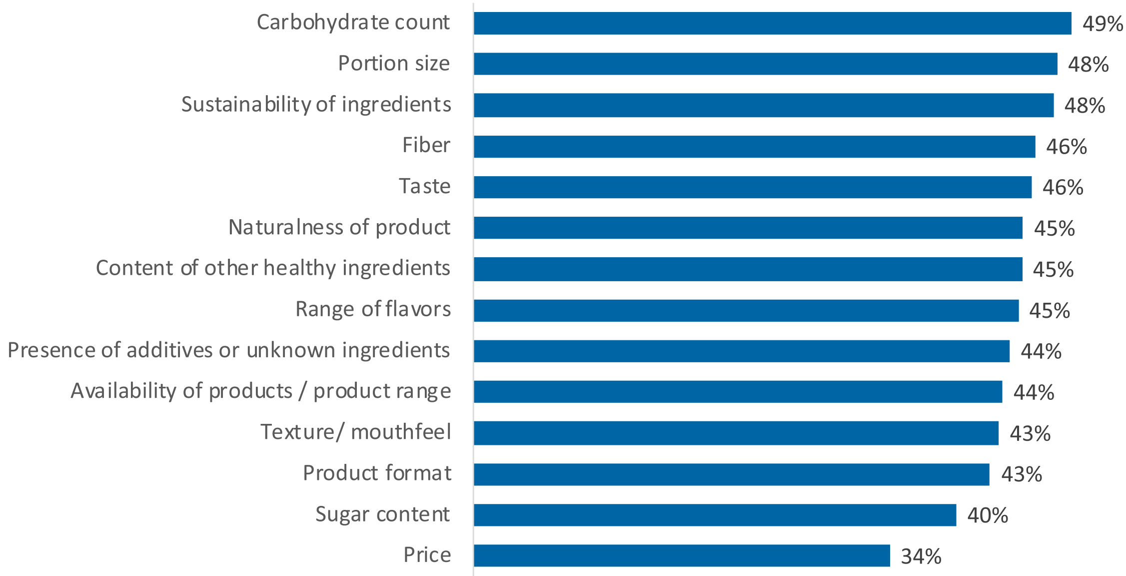
Source: Meat and Plant-Based Protein survey, Q4 2018/Q3 2019

Barriers need to be addressed when it comes to the mainstream protein market

It must be remembered that it is everyday consumers who are driving the protein market, as opposed to those who engage in strenuous activity daily. This means that consumers are not willing to compromise on product attributes such as taste in pursuit of maximum physical performance. Instead, it is important that products can be incorporated into everyday lives. This is important if consumers are going to switch from products such as chocolate and sugar confectionery to high protein products in the long-term. After all, if consumers feel that they are having to be forced to trade off between nutrition and taste, they will ultimately choose the later because of the importance of daily indulgence. This is something that would impact the prepackaged protein market, such as sports nutrition. Moreover, if consumers are going to incorporate products into their daily routine, they also need to be deemed affordable. FMCG Gurus research for instance shows that 63% of consumers believe that the world is heading towards recession, whilst 48% of consumers say that healthy eating is expensive.

When it comes to high protein snacks, research shows that consumers are not overly satisfied with product attributes. This is especially true when it comes to price and sugar content. This is something that could be problematic for high protein snacks in a recessionary environment if consumers question the healthiness of products and whether price tags can be justified. Moreover, fewer than half of all consumers say that they are fully satisfied with the taste of products. Given the importance of escapism and indulgence amongst everyday consumers, this is something that will also provide long-term challenges for the mainstream high protein snack market.

How satisfied are you with the following when it comes to high protein snacks?
Respondents who said satisfied or very satisfied



Source: Active Nutrition survey, Q3 2019

This shows that irrespective of the health halo associated with protein, such claims alone are not enough to capture and retain consumers when it comes to products. As well as addressing the issue of sugar content because of the link with diabetes and obesity, brands also need to offer reassurance that products are good value for money and are not lacking in sensory appeal.

The desire for plant-based protein products is being driven by consumers linking health and sustainability

Consumers are changing their diet habits because of concerns about the environment

Sustainability is a hot topic for many consumers. FMCG Gurus research shows that across the globe, 63% of consumers say that they are concerned about the state of the environment. Furthermore, a total of 54% believe it is an issue that has intensified over the last two decades whilst 48% say that damage done is irreversible. This is something that is leading to concerns about quality of life for current and future generations. Historically, consumers have seen protecting the environment as more the responsibility of big businesses as opposed to the individual. However, this mindset is evolving with consumers recognizing that it is a collective effort. As a result of this, 45% of consumers say that they have changed their diets in the last two years in order to lead a more sustainable lifestyle.

When asked what steps they had taken to try and achieve this, a total of 42% of consumers said that they had looked to reduce intake of dairy, whilst 33% said that they had looked to reduce meat. When questioned if they associated such dietary plans with any other benefits, a total of 55% said that they found such dietary plans to be healthier. This highlights how consumers can often interlink the topics of health and sustainability and that products deemed good for the environment are also good for the individual. Meat and dairy production can be associated with negative traits such as deforestation and carbon footprint, issues that are associated with being detrimental to the environment. However, at the same time, meat and dairy are associated with being the most common sources of protein intake. As such, it is not enough for plant-based products to be positioned around being healthier and more environmentally friendly. Instead, consumers want reassurance that products are also high in protein to compensate a loss of nutritional intake from other food sources.

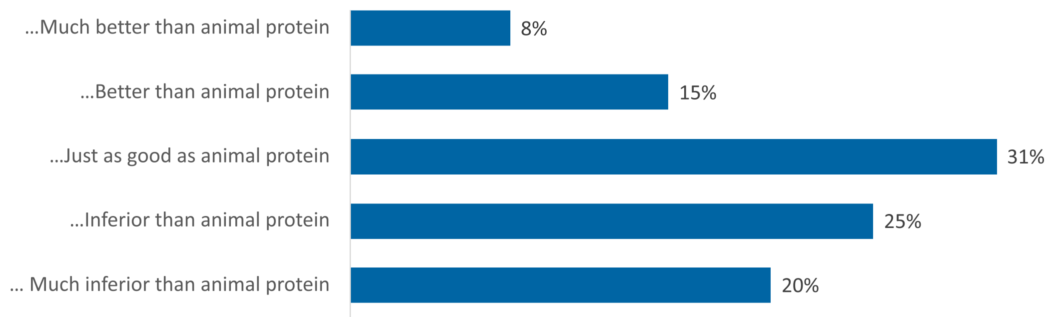
When questioned about what source offers the best source of nutrition, there is little difference in the proportion of consumers who say plant-based protein (34%) to dairy protein (31% - with 35% of consumers saying that they are unsure). If brands are to truly capitalize on the desire for consumers to change their dietary habits in the long-term, they need to offer full reassurance about the protein content of plant-based products.

Taste is a concern for consumers when it comes to plant-based protein products

When it comes to the barriers associated with switching to a more sustainable dietary plan, a total of 51% of consumers say that they would struggle to give up meat in the long-term. A total of 35% say this when it comes to dairy. In addition to this, a total of 42% of consumers say that they deem plant-based food and drink products to be bland and boring. This shows that irrespective of the health halo associated with plant protein – and the desire amongst consumers to lead a more sustainable lifestyle – barriers can exist within the market. If consumers believe that products are lacking in taste, they will struggle to stick to such dietary plans in the long-term. Further research for instance shows that across the globe, only one quarter (26%) of consumers say that they eat meat analogues. Of those that do not, 58% say that they refer real meat whilst 33% say that they are concerned about the taste.

Additionally, when asked specifically about how plant-based protein products compare from a taste standpoint compared to animal-based protein products, only 23% say that it tastes superior. In comparison, a total of 46% say that it tastes inferior. If the plant-based protein market is to become truly mainstream over the next decade, then the industry needs to address the issue of taste.

Would you say that plant-based protein tastes..



Source: Meat and Plant-Based Protein survey, Q4 2018/Q3 2019

Concerns can also exist when it comes to the cost and nutritional value of plant-based protein

Currently, plant protein has something of a halo attached to it by the industry because of the associated health and sustainability benefits. However, the industry is not immune to a backlash. This is especially true in a recessionary environment when consumers tend to be more skeptical toward price setting and marketing claims made by brands. When it comes to plant-based protein, consumers are already demonstrating some concerns about products. For instance:

- 32% of consumers feel that plant-based protein is less nutritious compared to animal-based protein

- 31% of consumers feel that plant-based protein is more expensive than animal-based protein

In addition to this, many consumers can often have misconceptions about how natural plant-protein products are. For instance, 26% of consumers say that a product is natural if it has plant-based ingredients. However, the reality is that unlike meat, plant-based protein products can be heavily processed and to deem them 100% natural is misleading. Skepticism towards healthy products often arrive when consumers do not feel the product has benefitted them in the way they believed it should have (irrespective of other changes that they have made to their lifestyles). As such, if consumers do not believe that plant-based protein products are fundamentally improving their health, there will be growing skepticism towards the healthiness and formulation of such products and whether premium prices can be validated in the future. This is something that the industry needs to prepare for.

Brands need to offer transparency around natural claims when it comes to plant alternatives

Natural is a claim that is of high appeal to consumers. Indeed, FMCG Gurus research shows that 72% of consumers believe it is important that products are 100% natural. Moreover, in the wake of COVID-19, a total of 46% of consumers say that they will now pay closer attention to natural claims. This is because natural claims are associated with an array of benefits, such as products being healthier, more sustainable, locally produced and better quality. When it comes to natural claims, a total of 35% of consumers associate this with products being minimally processed.

When it comes to the better-for-you market, consumers can often make assumptions that in reality are not accurate. This is because perceptions of healthiness are often shaped by perception rather than vigorously examining products. One of the reasons for the growing popularity of plant-based food and drink products in recent years is that such products are deemed to be natural. After all, when consumers think of plants, they will not tend to associate this with heavy processing. This is one reason why the plant protein and meat analogue market has developed something of a health halo in recent years.

However, the reality is that unlike meat, plant protein products such as meat substitutes can be heavily processed. Moreover, these products can be also high in ingredients such as sugar, something that somewhat conflicts with the better-for-you image of such products. As already stated, there is a real risk that the plant protein market could face something of a backlash due to misleading positioning, if consumers believe that products are being positioned as healthier than they are. When it comes to this, the industry needs to recognize:

- 31% of consumers across the globe say that they are not trusting of food brands. Additionally, 25% of consumers say that they have become less trusting of food brands in the last two years. The reality is that levels of distrust tend to intensify when it comes to health and wellness claims. This is because consumers think that brands can be misleading when it comes to product positioning to capitalize on consumers' desires for quick fix health solutions.

- 53% of consumers believe that monitoring nutritional intake is difficult because brands make labeling deliberately confusing to try and disguise certain ingredients in products. This sentiment will be especially true when it comes to products that are positioned as healthy alternatives but in fact, are heavily processed and high in ingredients such as sugar.

Especially in a recessionary environment, consumers can become more skeptical and more scrutinizing of claims made by brands, especially when it comes to premium health and wellness products. As such, it is crucial that the plant protein market is seen to be acting in a transparent manner when it comes to the positioning of products and not over-promoting the health credentials of offerings.

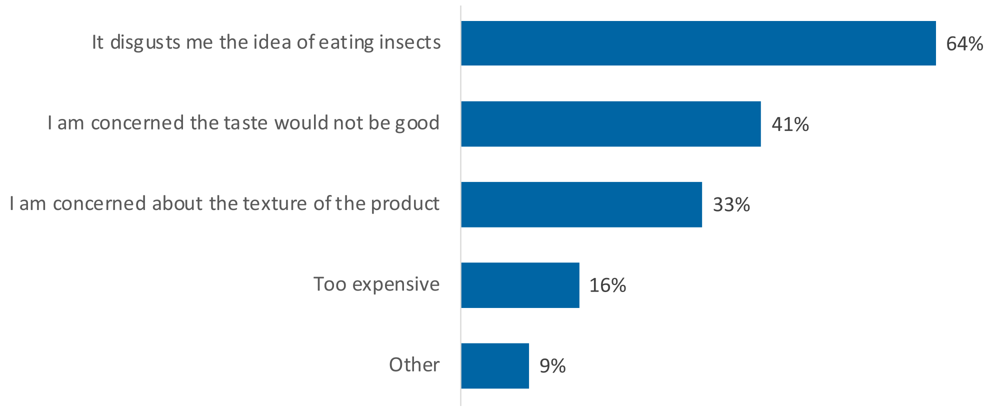
The reality is that insects will also remain something of a niche market for the future

Like plant protein, there has also been something of a buzz around insect-based protein in recent years. This is because such a source of protein is seen to be healthy, sustainable and in some regions, an effective way of helping address food shortages. However away from the questions raised about how beneficial insect protein is to the environment (i.e. because of significant disruption to food supply chains brought about by fundamental changes in farming practices), the market also faces challenges from a consumer perspective.

FMCG Gurus research shows that across the globe, 28% of consumers say that they find the concept of eating processed insects appealing. It is worth noting that this figure was skewed by consumers in Asia-Pacific and Africa saying that they find such food sources to be of appeal. When asked why they find the concept of eating insects appealing, 45% of consumers who do so said because they like to try new flavors and 43% said because of protein content. This means that for those who do find insects appealing, they do so because products are seen to offer taste and nutrition at the same time. However, of the seven in ten consumers who said that they do not find such a concept appealing, 66% said that the concept of eating insects disgusts them.

This shows that at least in the short-term, the concept of high protein, processed insect products will remain something of a niche. This will be especially true in countries where consumers do not consider insects to be at all edible.

**You state that insect protein products are not appealing. Why is this?
Respondents who do not find products appealing**



Source: Meat and Plant-Based Protein survey, Q4 2018/Q3 2019

The COVID-19 pandemic will further increase the appeal of high protein products

Consumers are addressing their health and wellness as a result of COVID-19

The implications on COVID-19 are long-lasting and wide ranging, especially given that 48% of consumers believe it will govern day-to-day behavior for at least twelve months. A total of 73% of respondents across the globe say that they are concerned about coronavirus. When questioned about what they are concerned about, health implications are the main worry followed by the impact on the economy. One of the reasons for the high levels of concern is because of the high levels of uncertainty that exist when it comes to the virus. For instance, consumers can be concerned about whether there will be waves of the virus throughout the year, how vulnerable they are to fatal health problems arising from the virus and if a vaccine will be found. This is resulting in consumers looking to address their health and lifestyles, with 59% of consumers now saying that they are more conscious about their overall health and wellness as a result of COVID-19. A total of 57% say this when it comes to their immunity.

This is something that will result in consumers seeking out functional ingredients that help boost health, as well as looking to improve their dietary habits. Protein is an ingredient that is associated with a myriad of benefits and 70% of consumers say that they associate the ingredient with boosting their immune system. This is something that will drive demand for high protein products in 2020 and beyond, as consumers look to minimize the risk of disease and illness. In addition to this, a total of 73% of consumers also say that they will attempt to eat and drink healthier as a result of COVID-19.

Consumers will adopt a back-to-basics approach when it comes to nutrition

When it comes to looking to improve health, consumers will adopt a back-to-basics approach when it comes to seeking out better-for-you products. This is because consumers want products that they know and trust. Crucially, they also want everyday products that they deem affordable, something linked to the fact that 63% of consumers believe the world is heading towards recession, whilst 45% are looking to save money when shopping for food and drink products. FMCG Gurus asked consumers who are planning to eat and drink healthier, what steps they are planning to take. The research found that the most popular answer was to increase intake of fruit (58%), whilst 41% said this when it comes to vegetables. These are products that consumers know and trust, deem to be affordable and easy to incorporate them into daily diets. Moreover, they will be sources where consumers feel that they can look to increase their intake of protein. This means that at least in the short-term, premium prepacked protein products such as sports nutrition offerings may witness a slump in sales as consumers adopt a back-to-basics approach to nutrition.

Additionally, a total of 18% of consumers say that they plan to increase their intake of plant-based food and drink as a result of COVID-19. When asked why, over half (55%) said to increase their nutritional intake. This further highlights the importance of plant-based food and drink products promoting high protein content if consumers are seeking out alternatives to meat and dairy produce.

Actionable Recommendations

Recognize that high levels of fragmentation exist when it comes to the protein market. Whilst there is a core audience of regularly gym goers and those who engage in strenuous exercise who continue to seek out high protein products, market evolution is occurring due to two consumer segments that are driving demand for offerings. These are everyday consumers who are taking a more proactive approach to health and those who are looking to lead a more sustainable diet and want alternative products to have a high nutritional content.

Away from those consumers who are following strict vegan and vegetarian diets, it is important not to put too much emphasis on which kind of protein sources are preferred. The reality is that there is little difference in terms of appeal between animal-based and plant-based protein. Instead, consumers would rather look to obtain protein from a variety of sources as part of a balanced diet, as opposed to this being skewed towards one source.

Rather than focusing on specific protein sources, brands should also look to address the challenges that exist when it comes to both animal-based and plant-based protein. Firstly, it is crucial that products are deemed to be affordable. This is especially important in 2020 and beyond in a recessionary environment. Secondly, the issue of taste needs to be addressed. This means reassuring consumers that plant-based products do not taste bland and boring and that high protein snacks do not have any after-taste.

The importance of taste means that it is also important not to over-estimate the appeal of insect-based protein offerings. Whilst such sources can be used effectively to address health and sustainability issues in the third world, the reality is that for many it is too much of an alien concept for them to eat insects because of perceptions around taste. This means that in western countries, insect protein should be kept as something of a niche market targeted at a specific consumer base who is happy to turn to such products.

It is also important not to over-estimate consumer education and awareness when it comes to protein. Indeed, there is an opportunity to educate consumers about a variety of different protein sources to create differentiation in the market. In addition to this, it is important not to over-complicate consumers with the science behind protein claims. Products are being turned to by everyday consumers who want products to help offer a general health boost. This means that simple and transparent information is crucial for consumers.

At the same time, it is also important to ensure that claims are not deemed to be misleading. Indeed, consumers can sometimes turn to products as a magic bullet health solution rather than making fundamental changes to lifestyles in order to boost health. In addition, consumers can sometimes have misconceptions about how healthy certain protein products are or how they have been formulated. It is crucial that brands are not seen to be misleading consumers around this.

As well as targeting the health and wellness market, the protein market should also continue to target the energy market. Indeed, consumers can often turn to high protein products not because they are engaging in physical activity but because they are tired and fatigued and need help getting through the day. These consumers can often be reluctant to turn to traditional energy boosting categories because of concerns towards certain ingredients. As such, protein should be positioned around offering a natural and sustained energy boost.

Affordability will be a major issue for consumers in 2020 and beyond. This is because they will adopt a back-to-basics approach to nutrition as they look to lead a healthier lifestyle whilst reducing spend on food and drink. This means that at least in the short-term, consumers may look away from premium prepackaged products such as sports nutrition offerings to everyday food, fruit and vegetables to increase their intake. This highlights the opportunity to educate consumers about protein content in such products but at the same time, it is crucial products are not seen to be making misleading claims around protection from COVID-19.

Appendix

FMCG Gurus used the following survey series for this report:

- Meat and Plant-Based Protein survey series (conducted over the period Q4 2018/Q3 2019)
- Active Nutrition survey series (conducted over the period Q3 2019)
- Sustainability survey series (conducted over the period Q3 2019)
- Blockchain survey series (conducted over the period Q3 2019)
- Clean Label survey series (conducted over the period Q1 2019/Q1 2020)
- COVID-19 survey series (conducted April 2020)
- Healthy Ageing survey series (conducted Q4 2018/Q3 2019)

Overview of the surveys

	Respondents	Countries surveyed	Period
Meat and Plant-Based Protein	25,000	25	Q4 2018/Q3 2019
Active Nutrition	26,000	26	Q3 2019
Sustainability	26,000	26	Q3 2019
Blockchain	26,000	26	Q3 2019
Clean Label	39,000	39	Q1 2019/Q1 2020
COVID-19	23,000	18	Apr-20
Healthy Ageing	150,000	25	Q4 2018/Q3 2019

Demographics – Gender and Age breakdown of survey series

	Male	Female	18-24	25-34	35-44	45-54	45-64	65+
Meat and Plant-Based Protein	50%	50%	12%	20%	19%	17%	14%	18%
Active Nutrition	50%	50%	13%	17%	17%	17%	15%	22%
Sustainability	52%	48%	13%	17%	17%	17%	15%	21%
Blockchain	50%	50%	12%	17%	17%	17%	15%	21%
Clean Label	50%	50%	14%	21%	18%	17%	14%	16%
COVID-19	50%	50%	13%	21%	16%	16%	13%	21%
Healthy Ageing	51%	49%	13%	17%	18%	17%	15%	20%

Countries surveyed

Meat and Plant-Based Protein	Active Nutrition	Sustainability	Blockchain	Clean Label	COVID-19	Healthy Ageing
Argentina	Argentina	Argentina	Argentina	Argentina	Australia	Argentina
Australia	Australia	Australia	Australia	Australia	Brazil	Australia
Austria	Brazil	Brazil	Brazil	Austria	Canada	Austria
Brazil	Canada	Canada	Canada	Belgium	China	Brazil
Canada	China	China	China	Brazil	Denmark	Canada
Chile	Denmark	Denmark	Denmark	Canada	France	China
China	France	France	France	Chile	Germany	Denmark
Croatia	Germany	Germany	Germany	China	Italy	France
Denmark	Indonesia	Indonesia	Indonesia	Colombia	Japan	Germany
France	Italy	Italy	Italy	Croatia	Mexico	Indonesia
Germany	Japan	Japan	Japan	Czech Republic	The Netherlands	Italy
Indonesia	Malaysia	Malaysia	Malaysia	Denmark	Poland	Japan
Italy	Mexico	Mexico	Mexico	Egypt	South Africa	Malaysia
Japan	The Netherlands	The Netherlands	The Netherlands	France	South Korea	Mexico
Malaysia	Nigeria	Nigeria	Nigeria	Germany	Turkey	The Netherlands
Mexico	Poland	Poland	Poland	Hungary	UK	Nigeria
The Netherlands	Saudi Arabia	Saudi Arabia	Saudi Arabia	India	USA	Poland
Nigeria	Serbia	Serbia	Serbia	Indonesia	Vietnam	Saudi Arabia
Norway	Slovenia	Slovenia	Slovenia	Italy		Slovenia
Poland	South Africa	South Africa	South Africa	Japan		South Korea
Saudi Arabia	South Korea	South Korea	South Korea	Kenya		Spain
Slovenia	Spain	Spain	Spain	Malaysia		Sweden
South Korea	Turkey	Turkey	Turkey	Mexico		UK
Spain	UK	UK	UK	The Netherlands		USA
Sweden	USA	USA	USA	Nigeria		Vietnam
Turkey	Vietnam	Vietnam	Vietnam	Philippines		
UAE				Poland		
UK				Portugal		
USA				Romania		
Vietnam				Russia		
				Saudi Arabia		
				Serbia		
				Slovakia		
				Slovenia		
				South Africa		
				South Korea		
				Spain		
				Sweden		
				Thailand		
				Turkey		
				UK		
				USA		
				Vietnam