



WHERE IS PLANT-BASED
THRIVING IN-STORE?

Lessons From Retailers on Merchandising, Placement, Labeling and More

INTRODUCTION

During recent years, retailers and distributors have been working in a global food industry characterized by various supply chain disruptions, inflation and widespread instability. Yet, while inflation and rising food prices are likely to impact consumer shopping behavior — where retail markets are seeing consumers become more cost-conscious and shop less frequently — plant-based food retail sales remain strong.

As **U.S. retail sales increased by 6.6% in 2022** over a record year of growth, **the plant-based market reached \$8 billion in 2022** — outpacing total retail sales.¹ The **UK and European Union** are experiencing similar growth, with **retail sales of meat substitutes amounting to nearly 1.4 billion euros** altogether by 2019. These sales are **projected to reach 2.5 billion euros by 2025.**²

When it comes to finding plant-based products on the shelves, businesses are consistently working toward retail expansions, which is particularly true for popular brands in the plant-based space. In fact, Beyond Meat products are available at around 122,000 retail and foodservice outlets in over 80 countries worldwide today.³

However, while distributors, wholesalers and retailers can take solace in the increasing retail sales of recent years, is it enough? And does the location of these products in-store make a difference?



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While retail-led campaigns are driving increased sales of plant-based, we are not yet seeing meat replacement at scale, which is key to drive progress toward healthy, sustainable diets.⁴

JOANNA TREWERN, HEAD OF CONSUMPTION AT WWF-UK

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While product placement is meticulously planned by grocers, retailers and merchandisers, the location of plant-based meat alternatives in-store continues to be a point of controversy. As players in the plant-based industry consider their retail rollout strategies, determining the proper shelf space for these products will be a key factor in establishing a unique place in the market and promoting long-term consumer shifts to a plant-based diet.

'PLANOGRAMMING' PLANT-BASED

Consider these staggering statistics linked to the plant-based industry today:



By 2030, the value of the worldwide plant-based food market is **expected to double**, reaching over \$77 billion as early as 2025.⁵



As many as 6% of American consumers report that they now totally follow a vegan diet, **representing a 500% increase** from recent years.⁶



7.2 million adults in the UK followed a meat-free diet last year, with a further **8.6 million individuals planning to go meat-free in 2023**.⁷

With this in mind, it's clear that the shift toward plant-based foods is more than a trend — it's a lifestyle that's here to stay. This rise in veganism is often attributed to:

- A growing awareness of food and its impact on our health.
- The support for animal welfare.
- Calls for sustainability (mitigating the deforestation, soil degradation and greenhouse gas emissions associated with meat production).

But, how are retailers and merchandisers seeing this transformation reflected in stores? And, what steps can they take to drive consumers to purchase plant-based products moving forward?







An important strategy that retailers leverage today is a planogram, which refers to a model indicating the placement of retail products on shelves to maximize sales. This showcases just how vital product layout is to consumer behavior, especially when it comes to plant-based products. Planogramming involves considering the size of the shelf, the width of the aisle, the height of the store, the quality of the lighting and more — all of which aim to work alongside various strategies that boost sales, including:

- Cross-merchandising.
- Visual merchandising.
- Color blocking.
- Brand blocking.
- Horizontal and vertical merchandising.

Plant-based diets are on the rise, and product placement in supermarkets and grocery stores should echo the sentiment. In the long run, a prominent and confident display of plant-based products not only indicates their growing popularity and presence in the food market, but also that plant-based diets are no longer 'niche' considerations but rather dietary standards.

WHERE PLANT-BASED SITS ON THE '4-SHELF' SYSTEM

Retail product placement isn't as simple as just filling the shelves, it requires thoughtful arrangement and positioning from retailers and merchandisers — and plant-based products are no exception. Typically, vertical shelves in grocery stores and supermarkets are divided into four zones:

-  **Stretch level:** Products placed here often require the consumer to strain to look at or reach for an item. For safety, it's best to only position lightweight goods here.
-  **Eye level:** Also known as the “coveted level” or the “buy level,” this is where items sell best. Products here receive 35% greater attention than products at the other three levels.⁸
-  **Touch level:** Located a level lower than eye level, this shelf typically hosts products that appeal to small children.
-  **Stoop level:** Because this is out of the field of vision for shoppers and requires extra effort to retrieve products, this level is best suited for heavier items or lower-margin merchandise.

Retailers and merchandisers also have to consider the sections of the store that aren't best suited for plant-based products. For example, the checkout aisle is a prime location in supermarkets, known to promote impulse purchases from consumers. However, while small, inexpensive items may thrive in this location, it's generally not an appropriate area for plant-based food products — especially products that are chilled or frozen.

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Retailers have an important role to play in enabling the adoption of healthier, more sustainable consumer diets. It's great to see them taking action, but more is needed to reduce our reliance on meat and dairy.⁹

JOANNA TREWERN, HEAD OF CONSUMPTION AT WWF-UK

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Today, plant-based products and meat alternatives are trying to standardize where they're stocked at supermarkets and grocery stores. This has been a difficult feat, as some grocers and retailers stock these products near the animal meat, while others opt for placement in a vegetarian or refrigeration section. Because of this, plant-based products can be more difficult to find for consumers, which can be a hindrance to how these products perform.

For instance, Impossible Foods — a leading plant-based brand that saw retail sales grow by 65% in the past year¹⁰ — found that its products, including plant-based burgers and meatballs, are almost impossible to locate at some grocery stores.¹¹

At the end of the day, effective in-store plant-based product placement will be a linchpin in maximizing retail sales and encouraging consumers to take on a plant-based diet in the long run. How can retailers accomplish this successfully? We're taking a closer look at what merchandisers can do to promote plant-based products in-store.



CHALLENGES AND OPPORTUNITIES FOR RETAILERS IN THE PLANT-BASED SPACE

BARRIERS TO ADOPTION IN-STORE: CONSIDERING THE CONSUMER'S PERSPECTIVE

As merchandisers and retailers determine the most lucrative placement for plant-based products in-store, it's critical to recognise both consumer pain points and expectations in the plant-based market. To promote plant-based preferences in supermarkets, retailers need to consider:

- **If consumers know where to look for plant-based products in store:** In general, a majority of shoppers have a good sense of where to find plant-based products, especially when it comes to locating fruits and vegetables and dairy milk alternatives. However, trying to track down other plant-based products is often a source of consumer confusion. In supermarkets today, only 36% of consumers know where to find meat alternatives in-store and merely 33% know where to find soy products.¹²
- **Where shoppers want to find certain plant-based products:** Just as there's no 'one-size-fits-all' approach to where retailers might shelf vegan products, there's a lot of disparity amongst consumers regarding where these commodities should live in-store. Approximately half of consumers believe plant-based alternatives should have their own section to avoid lengthy search times, while others consider the frozen food section or meat department as the most suitable placement.
- **Which stores consumers go to in search of plant-based products and meat alternatives:** Today, 77% of consumers shop for plant-based products and meat substitutes at their local grocery store or a mass-market retailer.



It's critical to note that 22% of shoppers made these purchases online, noting a better buying experience.¹³ Because online shopping allows consumers to research, ensure they're within budget and quickly find the items they're looking for, retailers and merchandisers need strategies that can translate these benefits to the in-store experience.



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We've always found that availability and convenience rank high when asking shoppers what's most important to them

JOE HILL, CO-FOUNDER OF ONE PLANET PIZZA

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Retailers have a valuable opportunity to drive plant-based sales by taking key calendar events into account. For instance, this might include re-stocking plant-based products on Sundays and Mondays to support individuals taking part in **Meatless Monday** or ensuring the shelves are full of a wide range of meat alternatives at the start of **Veganuary**.

LET'S TAKE A LOOK AT THIS OPPORTUNITY IN ACTION:

A major food retailer in the UK set out to explore the changes in plant-based and meat product sales during and after the implementation of a multi-component in-store intervention.¹⁴ By applying this intervention in a supermarket setting during Veganuary, the retailer aimed to discover if plant-based product sales would increase, meat sales would decrease and how store format and area affluence have an impact.

THE RESULTS?

Increasing the visibility, accessibility, affordability and availability of a selection of plant-based products saw **the average weekly sales of plant-based food grow by 57%**, without a reciprocal reduction in meat sales.¹⁵ Moreover, plant-based product sales were greatest at superstores (58%), particularly those located in below-average affluence areas (64%).

What can global retailers take away from this case study? The results suggest that the way the store is formatted and where plant-based products are placed can make a big difference, which means targeted promotion and intervention approaches will be necessary moving forward. And, considering the growth of sales in low-income areas, retailers can conclude that efforts to reduce the cost of a plant-based lifestyle are working.

STRATEGIES FOR BOOSTING PLANT-BASED SALES IN-STORE

- **Position plant-based alternatives next to their conventional counterparts:** A crucial barrier to adoption is the inability of consumers to find the plant-based alternatives they're looking for. Placing these products near their animal-based counterparts helps consumers locate vegan food products more easily.
- **Strengthen investments in private label:** Grocers and retailers can drive merchandising while expressing full support for the plant-based movement by increasing investments in private label plant-based products. This gives grocers and merchandisers control over production,

pricing and branding, with mass-market retailers including Kroger, Albertsons, Target, Asda and Tesco already starting these investments.

- **Look for opportunities to expand plant-based product offerings:** Consumers that opt for plant-based products are not only looking for an improvement in taste and texture, but also a wider range of plant-based products to choose from. Because of this, retailers need to pay attention to emerging trends and product categories of growing interest such as alternative seafood or unique plant-based proteins.

No two grocery stores or supermarkets are alike, which means retailers won't take a unified approach to merchandising plant-based products. Some may find it best to partially or fully integrate plant-based products with their animal-based equivalents or implement consolidated sections.

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The strategy for retailers becomes really different, depending on who their core shopper is. That's why things like shelf tags and being able to merchandise correctly and calling that out is really important: to make sure that you're helping your shopper discover those products in store, and make that path to purchase as easy as possible.¹⁶

JEFF CRUMPTON, SENIOR MANAGER FOR RETAIL REPORTING SOLUTIONS, SPINS

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WHERE PLANT-BASED PRODUCTS ARE CURRENTLY MOST SUCCESSFUL

While there's variation in plant-based product placement across grocery stores and supermarkets, research findings indicate that plant-based meat substitutes sell better when shelved in high-traffic meat departments. In fact, consumers purchased 23% more plant-based products on average when moved to a conventional meat setting, as opposed to a vegetarian or separate refrigeration area.¹⁷

Why might this be the case?

Plant-based product makers are ultimately trying to win over consumers who have a predisposition to choose animal-based proteins. This means consumers will naturally shop in the meat section on a regular basis, but they're unlikely to intentionally shop in a vegan or vegetarian section. As shoppers come across plant-based commodities in their normal grocery-shopping routine, there's a better chance of less recognised plant-based products catching their eye and enticing them to give something new a try.



LOOKING FORWARD: HOW CAN PLANT-BASED FOOD RETAILERS AND MERCHANDISERS ENCOURAGE CUSTOMERS TO ADOPT MORE SUSTAINABLE DIETS?

Plant-based diets are increasingly popular around the world today as consumers recognise the health, animal welfare and environmental benefits that plant-based products and meat substitutes can provide. Presently, flexitarian populations are growing around the world with 43% of consumers claiming this is a permanent lifestyle and 58% indicating the consumption of plant-based foods meets all of their nutritional needs.¹⁸



And, it doesn't end there: The global plant-based industry is poised for significant growth, **with the market projected to exhibit a compound annual growth rate (CAGR) of 4.5% until 2032** — which will be particularly salient amongst the younger generations.¹⁹

However, to sustain this forecasted growth, the industry needs support from retailers and merchandisers around the globe to help promote the visibility, accessibility, affordability and availability of plant-based products in-store.

Why? Because where plant-based products live in a retail environment, in combination with their packaging and labeling, **matters.**

Retailers can strategize to effectively influence consumer purchasing and eating decisions without limiting their freedom of choice. To encourage consumers to adopt a more sustainable diet, it will be key to prioritize the immediate setting, framing and placement of plant-based products in store. And, by ensuring customers retain agency in the process, retailers can quickly boost the consumer experience while mitigating distrust.

However, while using the retail setting to drive consumer preference toward plant-based products can be both powerful and effective in the moment,

plant-based food makers and retailers alike need to change consumer behavior over the long term. This means changing the way people view their food choices in addition to making better choices in-store.

At the end of the day, maintaining the rise of plant-based diets around the world will require changing the attitudes and values of individuals and their connection to plant-based products.



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