



Vegan

store brand SKUs begin to bud

BUT U.S. FOOD RETAILERS LAG BEHIND THEIR EUROPEAN COUNTERPARTS IN PRIVATE BRANDS

By Carolyn Schierhorn

The United States is second only to Germany in the number of new products with vegan claims introduced in 2016. Of all the vegan-labeled products debuting that year globally, the U.S. accounted for 17 percent and Germany 18 percent, according to Mintel's Global New Products Database.

But supermarket chains in Germany as well as in the United Kingdom and France, which rank third and fourth in vegan new product claims, have many more private brand food products specifically labeled “vegan.” Indeed, Germany is even home to Veganz, an all-vegan supermarket chain with four locations, numerous plant-based store brand products and an e-commerce site. France-based Carrefour and the U.K.'s Tesco and Asda are among the European supermarket chains that integrate vegan-labeled products into

organic, free-from or vegetarian product ranges.

In the United States, it's mostly specialty food manufacturers that are innovating in the plant-based food space, and these companies are growing rapidly and attracting prominent investors. For example, sales at Miyoko's Kitchen, a vegan cheese-making firm based in Fairfax, Calif., have increased 300 percent annually during the past few years. And El Segundo, Calif.-headquartered Beyond Meat Co. — the developer of the frozen pea protein- and beet-based Beyond Burger patty that appears to bleed and sizzle like real beef — counts Tyson Foods and General Mills among its investors and has funding from Bill Gates and the Humane Society of the United States.

Two U.S. grocery retailers, however, do stand out for their store brand vegan offerings. Austin, Texas-based Whole Foods Market has a number of

vegan-labeled SKUs in its 365 Everyday Value brand, from Organic Vegan Lasagna to Meatless Meatballs. And Monrovia, Calif.-based Trader Joe's earns accolades from vegans online, including positive references on the website from People for the Ethical Treatment of Animals (PETA), for its many vegan private brand items such as Trader Joe's Vegan Kale, Cashew and Basil Pesto; Trader Joe's Organic Cold Brew Mocha Nut Latte; Trader Ming's Kung Pao Tempura Cauliflower; Trader Joe's Vegan Spread and Dressing; and Trader Joe's Cauliflower Pizza Crust, which happens to be *Store Brands'* 2017 Best New Food Product or Line (see page 32).

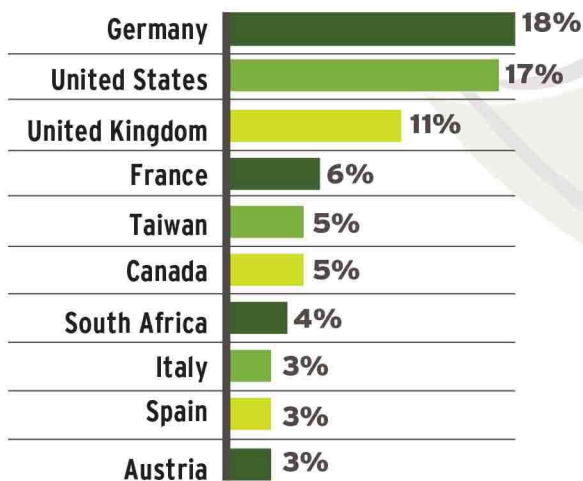
Rochester, N.Y.-based Wegmans is also labeling more of its store brand products as vegetarian or vegan such as canned vegetables and baking ingredients. And Raley's Supermarkets in West Sacramento, Calif., is proactively identifying many vegan packaged goods as such, both store brand and name-brand SKUs, through shelf-tag icons and in a searchable online database.

Trending lifestyle

In its "Top Trends in Prepared Foods 2017" report issued in June, U.K.-based GlobalData notes that 6 percent of U.S. consumers now claim to be vegan, up from 1 percent in 2014. A more conservative

Percentage of worldwide vegan product introductions in 2016

The **United States ranks No. 2 internationally** in the number of product launches with vegan claims:



Source: Mintel Global New Products Database

estimate, however, emerged from a 2016 Harris Poll survey by Baltimore-based Vegetarian Resource Group (VRG), which found that only 3.3 percent of U.S. consumers are vegetarian and just half of these individuals are strict vegans.

How "vegan" is defined, though, varies considerably, so it is difficult to measure the number of adherents accurately. Some vegans avoid all animal-derived food, including dairy products and honey, but are less strict in their clothing and personal care product choices.

Be that as it may, more Americans are seeking out plant-based meals. VRG reports that 36 percent of U.S. consumers eat vegetarian (including vegan) meals at least once a week.

Many of the people consuming vegan food products are "flexitarians," who range from those who eat meat once in a while to those who are just beginning to eat more plant-based products, according to Mintel. Yet among 16- to 24-year-olds (the older members of Generation Z and younger millennials), there is a significant trend toward a veganism because it is perceived as being better for the planet as well as for animal welfare and human health.

"Veganism is now seen as a trendy lifestyle," says Katya Witham, senior food and drink analyst at Mintel. "Today, vegan products attract attention from a much wider audience."

Vegan food and beverage items are gaining traction for several reasons:

- A switch to plant-based agriculture would reduce methane emissions and pollution from livestock waste runoff as well as other environmental degradations, many young vegans contend.

- Veganism has become more acceptable to mainstream culture; it's no longer regarded as kooky or eccentric.

"The positive portrayal in the media has contributed to its changing image," says Dominika Piasecka, spokeswoman for The Vegan Society, the U.K.-based international organization that coined the term "vegan" in the 1940s. "Documentaries of the shocking realities and consequences of animal agriculture have gained prominence. Delicious-looking vegan recipes have multiplied online and on social media. ... And top vegan athletes keep proving that you can be fit and healthy on a plant-based diet."

- Many adults of all generations are trying to reduce their meat consumption for health reasons, especially given the epidemiological research linking processed meat consumption

MARKETING OPPORTUNITIES

to disease and earlier death. Because African Americans are more vulnerable to several chronic diseases, including cardiovascular disease and Type 2 diabetes mellitus, a vegan movement has taken root in the black community, championed by “Bad Ass Vegan” and fitness expert John Lewis, tennis star Venus Williams and even Mike Tyson.

Documentaries available via Netflix such as “Forks Over Knives” and “What the Health” make a clear case for the health benefits of a vegan diet, notes Claude Tellis, the African American president of Irvine, Calif.-headquartered Vegan Smart, which makes high-protein plant-based nutritional shakes.

“My family is from Louisiana, and about 80 percent of my family has Type 2 diabetes,” Tellis shares. “In the last three years I’ve had three uncles get legs amputated, and I’ve had one uncle who went in with unchecked diabetes and died on the operating table before they could amputate both of his legs. So where I come from, health is the overriding consideration in adopting a plant-based diet.”

- Due to innovation in the realm of plant-based proteins such as proprietary protein composites, pulses and algae, it is easier today to obtain the nine essential amino acids needed for a healthful diet from vegan food products. Indeed, the ancient grain quinoa naturally contains all nine amino acids.
- Moving away from animal-based agriculture doesn’t have to be devastating to livestock producers, dairy farmers and meat and poultry processors, according to the San Francisco-headquartered Plant Based Foods Association. There have been several instances of U.S. businesses transitioning from animal-based food production to vegan-

friendly non-profits and business establishments. For example, at Rowdy Girl Sanctuary, in Angleton, Texas, former ranchers care for rescued hogs, cattle, chickens and turkeys.

Responding to demand

Although lagging behind European supermarket chains in developing own-brand vegan SKUs, U.S. grocery retailers are starting to take the plant-based food movement more seriously. For instance, several retailers this year began carrying the Beyond Burger, including Cincinnati-based The Kroger Co. and Boise, Idaho-based Albertsons. And Walmart this month joined Whole Foods and other retailers in selling the Vegan Smart meal-replacement shakes.

Also ahead of the plant-based food curve, San Antonio, Texas-headquartered H-E-B recently named Skull & Cakebones, an Austin-area vegan bakery, as the \$25,000 Grand Award winner of the retailer’s Primo Picks Quest for Texas Best competition.

The bakery’s winning entry was its Mocha Marmalade Trifle, “a rich chocolate cake layered with coffee buttercream frosting and topped with chocolate pudding,” according to one description. This product will be featured as one of H-E-B’s Texas-made “Primo Picks” store brand SKUs.

Retailers considering a foray into vegan new product development will have to decide whether to focus on distinctive plant-based products or on meat substitutes or both.

“There’s a lot of debate about whether vegan products should mimic meat or whether the products should be satisfying on their own,” points out Meredith Ford, client lead at London-based dunnhumby, which provides data science for retailers.

Ford suggests that grocery retailers would be wise to develop both private brand meat-substitute products — which are aimed more at new vegans and flexitarians — and vegan dishes that showcase the delicious, unique flavors and textures of vegetables, fruits and grains. **SB**

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Trader Joe’s, which has many vegan store brand products, including those shown, has been described online as a “vegan’s paradise.”

