

vegetarian means business



**Market Strategy and
Research Report**

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Vegetarian eating is higher profile than ever.

Celebrities from Bill Clinton to Alicia Silverstone to NBA player John Salley are talking about their plant-based diets publicly. Media stories often tout the benefits of vegetarian foods to reduce disease and obesity. Health scares and videos of meat processing plants raise food safety questions. Books and movies such as *Fast Food Nation*, *The Omnivore's Dilemma*, *Food Inc.*, and *Forks over Knives* explain how standard American fare not only hurts our health, but also harms the environment and supports cruelty to animals.

It's easier to eat vegetarian or vegan now than in the past. Specialized products have expanded from natural foods stores to mainstream grocers, discount chains and club stores. From fast food to five-star restaurants, vegetarian options are becoming more commonplace.

Exciting times do not ensure successful business ventures, however. As the market for vegetarian food products (meat and dairy alternatives) has matured, growth rates are slowing. Increasing consumer concerns about processed foods and sodium may favor whole foods over meat and dairy substitutes.

Competition for products is intense. Over 19,000 new packaged-goods food and beverage products were introduced for retail sale in 2009 according to statistics from Datamonitor reported by the USDA. Although these products run the gamut of grocery items, including non-vegetarian items, they all compete for shelf space and consumer interest. Experts estimate the failure rate for new products may exceed 80%.

Similar numbers have been quoted for restaurants, although H. G. Parsa, an associate professor at Ohio State University, found a 60% failure for restaurants within three years in an analysis of 2,500 restaurants in Columbus, OH (*Bloomberg Business Week*, 2007). While adding veg-friendly menu offerings can bring new diners to existing establishments and increase customer satisfaction at workplace, school and hospital eateries, launching an entirely vegetarian or vegan restaurant must be carefully considered and planned.

Would-be entrepreneurs as well as established professionals can benefit from understanding the market and competition in order to determine the best opportunities for success. Given that the trends driving interest in vegetarian eating appear likely to continue, savvy business people can not only profit by catering to this need but also build demand by offering plant-based foods that are delicious, convenient, and affordable.

This article begins by identifying the consumers seeking more vegetarian food of all kinds, including fruits, vegetables, grains, and meat and dairy alternatives. After exploring the implications for restaurants and non-commercial food service, the analysis narrows to meat and dairy alternative products, investigating market data and trends.

How many people eat vegetarian foods?

U.S. Adults aged 20+ except as noted

		Estimated percent	Estimated number for 2010 population*	Source	Survey date
Vegan	Do not eat meat, poultry, fish, dairy, eggs, or honey (subset of vegetarian)	0.8%	1.8 MM	Vegetarian Resource Group (VRG)	2009
Vegan except for honey	Do not eat meat, poultry, fish, dairy or eggs.	1.3%	2.9 MM	VRG	2009
Vegetarian	Do not eat meat, poultry or fish (includes vegan)	3.4%	7.5 MM	VRG	2009
Willing to become vegetarian**	Definitely interested in following a vegetarian diet	5.2%	11.5 MM	<i>Vegetarian Times</i>	2008
	Willing to give up all forms of meat entirely	7%	15.5 MM	Cultivate Research	2005
Semi-vegetarian / flexitarian**	Consider themselves flexitarians	14%	31.0 MM	Opinion Research	2005
	Eat meat with fewer than half their meals	13%	28.8 MM	Cultivate Research	2005
Meat reducers**	Working to eat less meat**	25%	55.4 MM	Opinion Research, Cultivate Research	2005
Interested in vegetarian meals out	When eating out, sometimes, often, or always would order a dish without meat fish or fowl 55%	55%	121.9MM	VRG	2008
Vegetarian youth (age 8-18)	Do not eat meat, poultry or fish (includes vegan)	3%	1.4MM	VRG	2010
Vegetarian adults + youth***	Do not eat meat, poultry or fish (includes vegan)	3%	8.9MM+** *	VRG	2010

*221.7MM total U.S. civilian non-institutional population age 20+, reported by the Bureau of Labor Statistics, December 2010

**These categories overlap.

***Slightly understated because based on readily available census data, adults age 19 are not included.

What are the types of vegetarian eaters?

Vegetarians and vegans

Consumers seeking plant-based foods range from vegans (who avoid eggs, dairy, honey, and any animal derivatives in addition to meat, poultry, and fish) to health-oriented omnivores who choose vegetarian foods frequently or occasionally. Vegans and vegetarians are the core. They are often influential in spreading the word on new products and menu options, in addition to enjoying them more often.

The much larger meat-reducing segment assures that vegetarian offerings need not be niche products. Leading food manufacturers, grocers, restaurants and food service companies have joined smaller producers, health food stores, co-ops and vegetarian dining establishments because of the sales potential.

Vegetarians

Vegetarian Resource Group (VRG) has been polling adults periodically since 1994 to establish the number of true vegetarians - those who do not eat meat, poultry or fish. VRG results include only those who say they NEVER eat these products. (Many other people consider themselves vegetarian but may occasionally consume meat, poultry or fish).

Results have ranged from 1% to 3%+, with more recent polls towards the higher end. Using the 3.4% figure from the 2009 survey, this equates to an estimated 7.5 million U.S. adults (civilian noninstitutional population age 20+). Because of the margin of error in sampling, it isn't possible to infer any trends for the percent or number of vegetarians.

Other research has yielded similar numbers. A 2008 survey by *Vegetarian Times* found 3.2% of the population was vegetarian. Mintel reported 3% saying that they "strictly practice some kind of vegetarian or vegan diet" in 2005 according to Prepared Foods Network. Cultivate Research measured 1% in 2005.

Cultivate Research also noted that, "Survey results...indicate that vegetarians feel even more strongly than non-vegetarian groups that food is an important part of their lives. Approximately 60% of the vegetarians 'strongly' agreed that this was the case, while another 33% indicated that they 'somewhat' agreed with this statement."

The vegetarian segment has potential to grow. Cultivate Research identified that 7% of respondents were willing to give up meat (all forms) entirely. The *Vegetarian Times* survey revealed that of the non-vegetarians surveyed 5.2 percent, were "definitely interested" in following a vegetarian-based diet in the future. These results suggest another potential 11.5 to 15.5 million meat-free consumers.

Vegans

VRG found that 0.8% of adults or approximately 1.8 million people are vegan – people who also avoid dairy, egg, honey and other animal ingredients. (This number is a subset of the 7.5 million estimated vegetarians.) Another 1.3% or 2.9MM people are vegans other than that they consume honey. Combined, over half of vegetarians are also avoiding dairy and egg products per VRG's findings,

although Cultivate Research found a somewhat smaller proportion of vegans.

Although vegans are a small fraction of the population, they are heavy users of products that meet their needs. They can be loyal, enthusiastic customers who generate word-of-mouth recommendations not only to other vegans, but also to the full spectrum of vegetarian eaters.

A 2004 *Los Angeles Times* article noted the influence vegans have had in the automotive field. "Pleasing vegans, the theory goes, is key to reaching a wider group of consumers -- affluent shoppers who worry about the environment and who are willing to pay extra for food, clothing and even automobiles, if they are made in ways that do less harm to the planet."

"As a marketer you want to identify with the passionate group... The middle of the bull's-eye is where you want to focus your marketing, and then you want to expand your message around that. If you draw these concentric circles, the middle of the bull's-eye right now is the vegan."

- Bob Kurilko of *Edmunds.com*

Although the trend isn't yet measurable, media coverage suggests the number of vegans is on the rise. A 2011 article in the *Chicago Sun Times* reported, "veganism is moving from marginal to mainstream in the United States." *Natural Foods Merchandiser* quoted Kathryn Peters of SPINS, "We're seeing more celebrity endorsements," Peters said. "It's becoming chic."

Semi-Vegetarians / Flexitarians / Meat Reducers

Vegetarians and vegans are at the center of a much bigger market for plant-based foods. Although names and definitions differ, these vegetarian food-inclined consumers can add dramatically to the bottom-line for manufacturers, grocers, restaurants and foodservice operations.

Semi-vegetarians or flexitarians eat a largely meatless diet but are not completely vegetarian. Cultivate Research reported that 13% of people were semi-vegetarian, defined as individuals who eat meat with fewer than half their meals. An article published in *Nation's Restaurant News* noted that 14% of adults call themselves "flexitarians" according to Opinion Research (2005).

The Opinion Research study found that a quarter of respondents were looking to eat less meat. Cultivate Research identified a similar number of adults as cutting back. The American Dietetic Association noted reductions for specific foods, with 41% of respondents reducing their consumption of beef, 33% lessening pork intake and 23% decreasing dairy (2008). The number of people cutting back on meat may continue to grow as 79% of people were concerned with animal fats according to a survey by the International Food Information Council, (2007). Based on the current number of semi-vegetarians and the trend toward reduction, Cultivate Research stated, "the semi-vegetarian segment has the potential to grow to one-third of the U.S. adult population."

Even people not making major shifts are aware of the benefits of vegetarian foods. Opinion Research reported that 44 percent of people say they eat vegetarian foods as part of a diet that includes meat, because they know that even an occasional meatless meal is healthy. These numbers suggest the potentially broad appeal for products and for menu offerings.

Who eats plant-based foods and why?

In its most recent survey, VRG found that men and women were nearly equally likely to be vegetarians, although *Vegetarian Times* saw a roughly 60:40 split women to men. Women aged 18-34 – a key demographic for establishing brand preferences - were more likely to be vegetarian than any other gender-age group according to VRG and another study by Cultivate Research. Three percent of youth aged 8-18 are vegetarian according to a 2010 VRG poll, an estimated 1.4 million young people.

Cultivate Research reported that 70% of semi-vegetarians were female. More than half were age 45 and older. The majority has actively reduced meat consumption over the past year. An estimated one third of semi-vegetarians intended on reducing meat consumption even further over the next year.

Lower-income households, younger people, and individuals of color are more likely to use meat alternatives according to research by Mintel. Although older people are more like to be reducing meat, they may be less likely to try new products, an opportunity for manufacturers and grocers who are attuned to the needs of this audience.

Health is the leading driver for vegetarian food consumption among non-vegetarians. According to Cultivate Research, "Like the other key meat consumer groups, the primary reasons [that semi-vegetarians] noted for [their] decline in meat consumption were due to the desire to attain a healthier diet, to reduce fat and cholesterol, and to lose weight. Almost three quarters of semi-vegetarians who reduced their meat consumption over the last year considered one of these three reasons to be the primary reason for this decision. Only 4% cited concern for animal suffering as their primary concern, although 18% included animal issues as one of several considerations.

Cultivate Research and *Vegetarian Times* both found a more even split for health and animal concerns among vegetarians. Vegans are even more likely to be compelled by their consideration for animals. Awareness of the environmental implications of meat production is also bringing more people to plant-based foods. In a survey of its members, VRG found health, ethics, animal rights and the environment of nearly equally concern.

To appeal to the widest audience, vegetarian foods should therefore be healthful, free of animal products, and environmentally friendly. Organic certification, local ingredients, kosher certification, and absence of specific allergens can also differentiate offerings. (Note that Mintel reports that three in five buyers of kosher products do so for perceived quality rather than for religious reasons.) Of course, taste, price and convenience - traditional purchase drivers for all foods - are also important to customers for vegetarian foods. Finding the optimal combination to maximize profitability requires careful analysis.

What are the opportunities in dining away from home?

Restaurants

Restaurants provide an ideal venue for people to try new dishes. Over 50% of people order a dish without meat, poultry or fish sometimes, often, or always according to the Vegetarian Resource Group. (2008 VRG Poll).

<i>Order a dish without meat, poultry or fish</i>	<u>2008</u>
Always	7%
Often	8%
Sometimes	40%
Never	41%
Not sure	4%

In the National Restaurant Association's *What's Hot in 2011* survey of over 1,500 professional chefs, more than half rated meatless / vegetarian entrees and vegan entrees as a "Hot Trend." Nearly a quarter considered meatless / vegetarian entrees a "Perennial Favorite", while 17% gave that rating to vegan entrees.

Restaurants considering adding veg offerings can also look to larger trends in dining out. Nearly three quarters of chefs rated nutrition / health as a hot trend, making it the 15th most popular item. Nutritionally balanced children's dishes (#4) and fruit / vegetable children's side items (#18) also ranked in the top 20 hottest trends.

In a presentation at the *2010 National Restaurant Association Restaurant, Hotel-Motel Show*, menu trends expert Nancy Kruse recommended that restaurants provide innovative meals that take advantage of their professional kitchens and culinary skills to provide meals that customers can't easily make at home. She noted a number of vegetarian dishes currently offered in restaurants when discussing "green" as a hot trend including pasta verde (with asparagus, spinach, peas and herbs), roasted sweet potato sandwich, arugula salad, and endive salad. She also cited the profit potential in salads. Other experts expect growth in vegetarian patties and sandwiches according to *Flavor & The Menu* (2008).

Health and nutrition claims on menu items are increasing as consumers look for healthy options in restaurants as well as at home. Mintel found 42% growth in such claims from the first quarter of 2005 to the first quarter of 2007. Items labeled vegetarian, low-fat, gluten-free, trans-fat free or low-calorie grew the most rapidly.

Producers are offering new products especially suited for food service. For example, Kellogg has launched a quarter-pound veggie burger under its Morningstar brand to deliver the portions that diners have grown to expect.

Other Foodservice

Vegetarian dining is just as hot in non-commercial foodservice operations, including office eateries; university dining halls; elementary, middle and high school cafeterias; and healthcare facilities.

At the beginning of 2010, Compass Group announced its "Be a Flexitarian" initiative, promoting meat-

free options in the 8,500 corporate and academic cafeterias it serves. "We're delighted to have this opportunity to highlight the culinary versatility of meat-free foods that promote better health and preserve the environment," stated Cheryl Queen, Compass Group vice-president of corporate communications (PR Newswire).

Compass's higher education division, Chartwells, has partnered with Kellogg to improve and expand vegetarian options for university students while also addressing the needs of chefs and campus food service directors. "Today's students are savvier about eating nutritious and healthier meals than ever before," noted a press release. Chartwells and Kellogg's developed recipes and tested them with vegan, vegetarian and non-vegetarian students. The result is a set of over 50 recipes including entrees, sandwiches, wraps, and salads.

Vegetarian foods are finding their way into more school cafeterias as well. The School Nutrition Association found in its 2009 research that the number of schools offering vegetarian meals rose to 64% in 2009 up from 22% in 2003. Twenty percent offered vegan options. Sample offerings in addition to the usual salad and pizza included pasta with lentil sauce, vegetable hoagies, and beans and rice.

FoodService Director profiled vegetarian dining at a variety of schools and hospitals. A nutrition education coordinator in Suwannee, Georgia expected servings of new soy-based offerings to increase from about 800,000 in 2009 to over a million in 2010. Response from students and teachers has been so positive that the system is adding more items including a veggie-based "chicken-sausage" biscuit for breakfast.

The article quoted Tony Geraci, director of food and nutrition services for Baltimore, Maryland schools, as saying, "School districts just starting to think about offering more vegetarian choices should just do it. Start with baby steps, like a Meatless Monday. They'll be surprised by all the support that comes out of the woodwork. Instead of sloppy Joes, serve black bean burritos. Operationally it's nothing they're not doing already."

Compass competitor Aramark has also stepped up to the plate, offering hundreds of vegetarian and vegan recipes, according to its website. A press release announces that PETA named the company's operations at Philadelphia Eagles' Lincoln Financial Field the most vegetarian-friendly NFL food concession in 2010. Another media communiqué notes past recognition for a number of Aramark's major league baseball concessions.

How big is the market for vegetarian food products?

Available numbers from different companies address different parts of the vegetarian foods market (meat and dairy alternatives). The figures for market size and growth cannot be easily reconciled across sources or previously published reports. However, the results consistently suggest ongoing expansion for vegetarian foods, albeit at a slower pace than in the earlier years of the new millennium.

The remainder of this section discusses vegetarian foods and soyfoods, recognizing that these are overlapping, not identical markets.

Vegetarian Foods Products – Market Size Estimates

Note: All figures are retail sales to consumers, thus excluding restaurant and food service, another significant opportunity for product manufacturers.

Source	Definition	Historical	Most Recent	Forecast	Recent Growth per Year	Forecast Growth per Year
Vegetarian Foods						
Mintel Vegetarian foods (US)	<i>Retail only – excludes restaurants and food service</i> Soy milk Meat alternatives Cheese substitutes Tofu Vegetarian entrees and side dishes	\$815MM (2001)	\$1.4B (2008)	\$1.6B (2011)	8%	5%
Soyatech & SPINS Soyfoods (US)	Numbers shown here*: Soy milk Meat alternatives Soy cheese Cultured soy Frozen soy desserts	\$1.3B (2001)**	\$2.1B (2009)	NA	6%	NA
Meat alternatives						
Soyatech & SPINS	Meat alternatives – soy-based	\$450MM (2001)**	\$636MM (2009)	NA	4%	NA
Datamonitor (North America)	Meat substitutes	\$360MM (2004)	\$397MM (2009)	\$434MM (2014)	2%	2%
Organic and kosher foods (all types)						
Organic Trade Association	Organic food	\$7.4B (2001)	\$24.8B (2009)	NA	16%	NA
Mintel	Kosher food	\$7.6B (2003)	\$12.5B (2008)	NA	10%	NA

*Reported by Soyatech / SPINS but excluded here: energy bars and a combined category for baked goods, entrees, cereal, pasta, meal replacement, powdered soy beverages, chips, snack foods, and low-carb food. Some of these items might also be considered vegetarian foods, however traditional vegetarian foods such as pasta, cereal and baked goods are beyond the focus of this section of the article.

**Estimated to the nearest \$50MM from published chart

The Biggest Success: Soymilk

Soymilk represents about half the most recent market estimates from both Mintel and Soyatech / SPINS. Soymilk has maintained substantial growth rates until 2008 due to both demand and supply-side reasons.

In 1999 the Food and Drug Administration's ruled that manufacturers could include heart-healthy claims on foods that deliver at least 6.25 grams of soy protein per serving and are also low in saturated fat and cholesterol. The resulting labeling and publicity generated tremendous interest in soymilk and other soy foods.

WhiteWave took advantage of this opportunity to expand beyond the natural foods channel by promoting Silk in dairy milk-style cartons to traditional supermarkets. The investment it attracted from Dean Foods enabled it to pay the slotting fees required for prime grocery shelf space (*Business 2.0 Magazine*, 2004). Health-oriented consumers now found soymilk in familiar packaging right alongside dairy in the refrigerated section of their grocer.

Soymilk sold in cartons represented 86% of the market in 2009 vs. 6% for aseptic packages according to Beverage Marketing Corporation. Silk holds about a 70% market share of the soymilk market overall.

Soymilk sales have, however, declined 6.4% from 2008 to 2009 (Soyatech / SPINS). While the poor economy has likely caused some people to cut back or shift to lower priced options including private label products, Joe Jordan, general manager and content director for Soyatech, cited two other industry developments. "Soymilk sales leader Silk converted most of their product from organic to non-organic, retaining only three organic SKUs in different color packaging. As a result many customers have looked to other products. Sara Loveday of Silk attributed the move to non-organic as an effort to make more product available at a lower price to consumers.

"Soymilk has also been affected by the success of almond milk, led by Blue Diamond and Silk," notes Jordan. *The Wall Street Journal* reports, "Almond milk's appearance in the refrigerated dairy case in 2010 helped fuel 13% growth in milk alternatives, a category where sales were flat the year before, according to SymphonyIRI Group, a Chicago market research firm." "Silk Pure Almond sales have grown beyond our expectations," commented Loveday. "The future is bright for almondmilk - consumers are looking for non-dairy milk alternatives that are nutritious and delicious and almondmilk certainly fits the bill."

The article observes that when almond milk appeared alongside dairy milk and soymilk at the end of 2009, sales accelerated. Blue Diamond's Almond Breeze reached \$58 million in sales for 2010, while Silk's Pure Almond achieved \$47 million according to SymphonyIRI. Whole Foods has also launched a private-label almond milk. Coconut milk, hemp milk and other products are joining the competitive fray.

Challenges to Growth

Awareness

According to the *16th Annual Consumer Attitudes About Nutrition from the United Soybean Board*, although 89% of consumers are aware of soymilk, only a little over half are aware of soy veggie burgers and tofu. Fewer still know about soy hot dogs, edamame or dried or canned soybeans.

Taste

Research by the Nielsen Company confirmed that although most Americans intend to eat healthy foods, they're not willing to make major sacrifices on taste (or pay a great deal more). Although we might expect people eating vegetarian foods due to concerns about animals to accept more tradeoffs, taste is a major driver of which products and brands consumers choose.

The taste of meat and poultry substitutes remains a concern for many, limiting use. Only 33% of those surveyed feel that "vegetarian food is just as tasty as food with meat ingredients" according to a 2007 survey by Lightlife (www.freelibrary.com). Meat alternatives have found their way into nearly a quarter of U.S. homes by March 2007 according to Mintel. Cultivate Research, found 6% of respondents frequently purchasing meat alternatives and 17% occasionally purchasing these items in 2005.

Mintel reported "over half of consumers are disappointed with the variety of meat-free products, with a strong perception of poor taste of these products," according to FoodNavigator.com. A Datamonitor analyst also noted, "[Meat analogs] still to an extent suffer from a widespread consumer perception that there is a significant compromise on taste." The challenge isn't limited to meat and dairy substitutes, however. Catalina Marketing found that only 59% of shoppers believe that healthy food and beverages taste good.

Kathryn Peters of SPINS predicts that specialty manufacturers will be targeting tastier vegan products to attract the gourmet consumers increasingly aware of vegan foods.

Price

According to the *17th Annual Consumer Attitudes About Nutrition Survey* from the United Soybean Board, the percent of people willing to pay more for healthier versions of food has declined from 60% in 2007 to 54% in 2009. Of those unwilling to pay more, over half cited inability to afford to do so right now. Meat and dairy substitutes are usually more expensive than their counterparts. Companies that are able to reduce cost via innovation or scale could expand the market and gain share. Improving economic conditions could also support growth for vegetarian and soy foods.

Substitutes

Meat and dairy alternatives are not immune to other substitutes. People who might choose a veggie burger or soymilk primarily due to concerns about hormones or antibiotics may instead purchase organic and free-range products, according to Mintel. Consumers trying to eat fewer processed products may also limit meat analogues and other manufactured vegetarian foods. According to a survey from the International Food Information Council, 43% of primary grocery shoppers had a "somewhat unfavorable" or "very unfavorable" attitude toward processed foods.

What is the impact for retailers?

Although health foods stores and the natural foods chains Whole Foods and Wild Oats led the retail vegetarian and soy foods movement, these foods are now commonplace in supermarkets, discount stores such as Wal-Mart and Target, and warehouse or club stores. Mintel reported that by mid-2006, three quarters of soy food and drink sales came from supermarkets, up from about half in 2001. The company also noted an increase of 36% in private label sales (products carrying a store or house brand) between 2004 and 2006.

A 2009 article in *Supermarket News*, discussing the Meatless Monday campaign, notes, "Going meatless for at least one day a week seems to be catching on... Now store dietitians and in-store chefs have a prime opportunity to steer their shoppers to non-meat choices... Stores that host cooking classes or demos can probably combine two trends – vegetarian and ethnic --- to stir up some excitement and interest."

According to Catalina Marketing 72% of grocery shoppers say that their local supermarket stocks a wide variety of healthful foods and beverages, presumably leaving 28% who might like to see increased offerings.

How can businesses best succeed with vegetarian foods?

Market to targeted segments

Boomers and seniors comprise a large, health-driven segment seeking plant-based alternatives to reduce saturated fats and cholesterol. But since Mintel documented higher meat alternative use for lower-income households, younger people, and individuals of color, marketing to selected subgroups, based on a research-driven understanding of needs, will increase the prospects for success.

Develop innovative products

"Despite market contraction in 2009, with soyfoods now a \$4 billion industry in the U.S., Soyatech and SPINS anticipate that opportunities for innovation will enable the industry to continue growing," said Philippe de Lapérouse, managing director of Soyatech's advisory and consulting practice. Innovation should not only address taste but also cost.

Increase awareness about products and benefits

"Educating consumers about proper health and nutrition need not be the primary goal for food manufacturers," said Dori Hickey, director of product development at NPD and author of *Healthy Eating Strategies by Generation*. "Connecting the dots for consumers in terms of a product benefit to a fundamental characteristic of healthy eating is more the challenge."

This communication is especially important for vegetarian foods, where concerns about nutrition -- even if unfounded -- are common. For example, DataMonitor stresses the importance of highlighting protein quantity and quality to consumers focused on meeting nutritional requirements. The presence of iron, calcium, and B12 can also be selling points.

The United Soybean Board's report noted consumer receptivity to exploring new products and the

gains that can result from effective promotion. For example, consumers who had tried edamame increased from three percent in 2000 to 17 percent in 2009.

Provide recipes and menu ideas

Consumers evaluate meat substitutes in the context of the overall meal according to a study in Europe. Product shape and appearance were important contributors to consumer perception. The research findings suggested more emphasis on testing meal combinations instead of perceptions of the individual product.

Catalina Marketing reported that 35% of shoppers say it is difficult for them to prepare healthy meals. *The Lempert Report* also advocates that both manufacturers and retailers play a role in "supporting healthy eating by directing consumers towards more healthful ingredients " via nutrition education, recipes and food preparation ideas.

Sample products

Although many consumers don't like meat and dairy alternatives, others may have a negative perception based on products from many years ago. The opportunity to taste products can overcome resistance. Industry observer Phil Lempert, food editor of the "Today" show, notes the "terrific new mouth feel" in meat substitute products. ... "If we want to build this category, it's all about letting people taste it," says Lempert.

Conclusion

From the local grocer to restaurant menus to cafeteria lines to hospitals to sports stadiums, the range of vegetarian options is increasing. As aging Baby Boomers become more concerned with food's role in preserving their health and people of all ages become increasingly focused on the implications of meat production for animals and environment, the opportunity in producing and serving vegetarian foods should continue to build. Allrecipes.com termed "veganomics" one of the "most compelling emerging trends in 2010" (www.humanespot.org).

The growing market has attracted more competition, including from major corporations. These new players, as well as established providers, have supported the expansion of the market with new products and advertising. Large or small, the companies that will have the most success are those that give shoppers and diners the tasty, affordable, convenient meal solutions they seek.

Special thanks to Charles Stahler of Vegetarian Research Group for insight and assistance. Cultivate Research and Mintel International Group also helped with data.

Are you looking to grow your vegetarian foods venture?

Vegetarian Means Business can help you:

- Understand the market and opportunities
- Assess competition and competitive advantage
- Define strategy

Vegetarian Means Business is a program of Priority Ventures Group LLC. Founder Caryn Ginsberg has more than 20 years of strategy and marketing experience with clients ranging from the Fortune 500 to leading nonprofits and smaller organizations. Your customized recommendations will be based on her decade advising businesses, entrepreneurs, and nonprofits in marketing vegetarian foods.

Projects have included market research, business plans, new product development, product marketing, and market outreach. Target markets have spanned semi-vegetarians, vegetarians, vegans, and even raw foodists.

Caryn's expertise spans from market research and strategy to branding and advertising. She has taught marketing management and strategy in the MBA program at Johns Hopkins University. She is known for getting to the heart of what matters in analysis and discussion, focusing on what's actionable, and generating new ideas.

In addition to "Vegetarian Means Business: Market Strategy and Research Report," her publications include the article "Starting a Veg Restaurant – Food for Thought" for *Vegetarian Journal*.

Her prior positions include Senior Vice President, Director of Retail Marketing for an \$11B regional bank, as well as with Boston Consulting Group and Strategic Planning Associates.

Caryn holds an MBA from the Stanford Graduate School of Business, as well as an A.B. in economics / mathematics from Dartmouth College, where she played varsity ice hockey. She earned an advanced certificate in marketing design from Sessions College for Professional Design.

Her personal vegetarian foods experience includes semi-vegetarian, vegetarian, vegan, and raw foods. She has met with people looking to increase their consumption of plant-based foods at outreach events, in presentations, and in cooking demonstrations.

To discuss how to accelerate results for your veg-related venture, contact Caryn at cginsberg@VegetarianMeansBusiness.com or 703.524.0024.