

Plant-based meat in U.S. retail: Pricing and promotion insights and recommendations

In 2023, the average price per pound of plant-based meat in U.S. retail was 77 percent higher than that of conventional meat, a wider gap than the 65 percent price premium in 2022. Over the same period, U.S. retail sales of plant-based meat declined. Since price is a key driver of consumer choice, it is unclear how competitive alternative proteins are at current prices. This fact sheet examines the relationship between plant-based meat prices and sales volume and identifies potential pricing and promotional strategies for the market.

All statistics, unless otherwise noted, are sourced from NIQ | Discover RMS 52 Weeks Ending 11/25/2023, Total U.S. Food.

Overview

To better understand how permanent and temporary price changes impact the sales volume of plant-based meat and conventional meat, the Good Food Institute commissioned NielsenIQ to conduct a price and promotion analysis of plant-based and conventional meat categories in U.S. retail.

In addition to examining the impacts of historical price changes on the sales volume of plant-based meat and conventional meat, the study also explored how non-price factors—such as region, channel, and product type/format—influence consumer responsiveness to price.

Price is a complex issue in the plant-based meat category. Brands use price adjustments as crucial tools for maintaining and growing revenue, but high prices can be a barrier for consumers, especially in a premium-priced category like plant-based meat. This analysis aimed to balance these considerations and identify pricing and promotion strategies for plant-based meat in the retail environment.

Table 1: Key findings

Top pricing and promotion strategy takeaways

Reducing plant-based meat's price premium to conventional meat is likely to improve plant-based meat sales volume.

To avoid losing sales volume, brands should avoid increasing prices without considering broader market trends.

Brands should monitor prices across several categories.

To increase the effectiveness of promotions, brands can consider more feature and display promotions and identify products that outperform on promotions.

Regional and channel considerations should help guide promotional strategies.

Methodology

NielsenIQ's price and promotion (PnP) model used weekly store-level data capturing at least 80 percent of dollar sales in each category. The model incorporated data from each store, week, and promoted product group (PPG).

For this analysis, the PnP model covered three channels and 21 non-channel markets, including U.S. food regions and retailers. The model included both conventional and plant-based meat items and covered three overlapping 104-week periods ending on 7/15/2023, 7/16/2022, and 7/24/2021.

Table 2: Outputs of the pricing and promotion model

Output	Definition
Regular price elasticity	<p>Change in base sales units due to a permanent price change. Expressed as a negative number to reflect the inverse relationship between price and volume.</p> <p>Elasticity ranges:</p> <p><i>Very low:</i> 0.00 to -0.75 – Highest pricing power</p> <p><i>Low:</i> -0.76 to -1.25 – Fair amount of pricing power; consider market factors</p> <p><i>Moderate:</i> -1.26 to -2.00 – Expect to lose volume on price increases</p> <p><i>High:</i> -2.01 to -2.49 – Be cautious when increasing price because of volume loss</p> <p><i>Very high:</i> -2.50 and above – Substantial volume loss when increasing price</p>
Promoted price elasticity	<p>Lift or incremental sales units due to a short-term price change. Expressed as a negative number to reflect the inverse relationship between price and volume.</p>
Item-level contribution to elasticity	<p><i>External:</i> Consumer sensitivity to a product's price vs. outside competitors' products.</p> <p><i>Internal:</i> Consumer sensitivity to a product's everyday price vs. other products within that internal group.</p> <p><i>Own:</i> Sensitivity the consumer has to a product's everyday price.</p>
Lifts	<p>The incremental sales as a result of various promotional strategies.</p> <p><i>Temporary price reduction (TPR):</i> A 5% or greater price reduction lasting fewer than 8 weeks.</p> <p><i>Feature:</i> In-store flyer advertisement that highlights specific products.</p> <p><i>Display:</i> A secondary stocking location for a specific product.</p>
Price thresholds	<p>A psychological price point where crossing it will make the shoppers react in a stronger way causing a "jump" in the demand curve. Only available for select products and only at the PPG level.</p>

Source: NielsenIQ

Price and product promotion

Both plant-based and conventional meat items source competition from a variety of products across the plant-based and conventional meat categories.

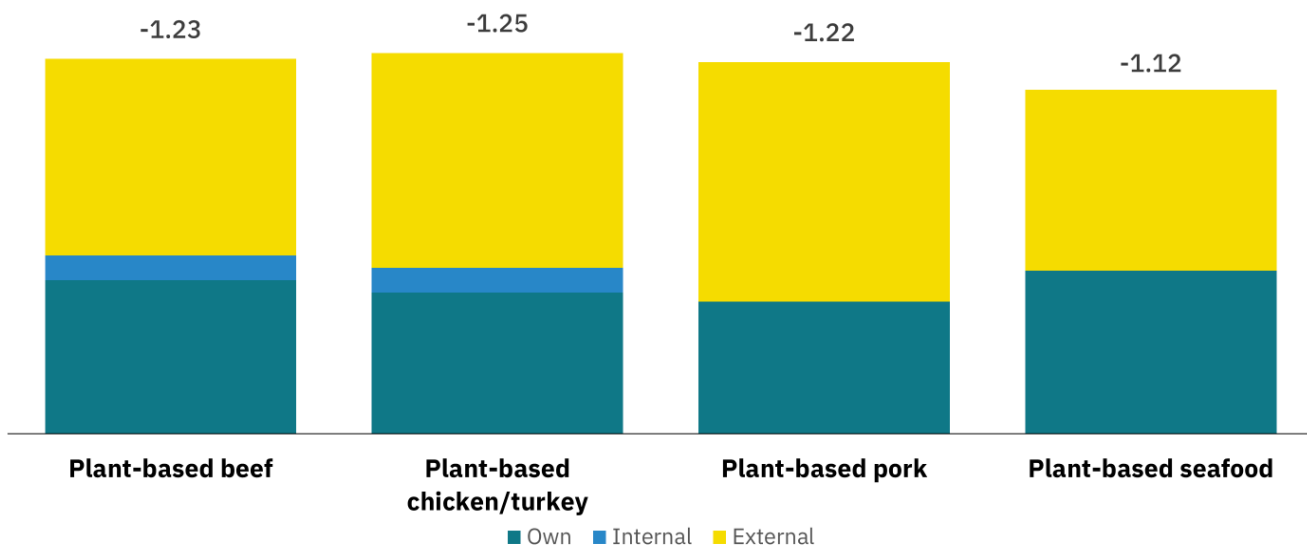
This makes it difficult to reliably anchor to a specific set of items and means brands should monitor broader price trends across the plant-based and conventional meat categories rather than identifying a single primary competitor.

At higher-level category views of animal or format types, a plant-based product's analogous conventional counterpart is not always that product's top competitor (e.g., plant-based burger patties aren't necessarily competing the most with conventional burger patties). The top contributor to the external elasticity of each plant-based and conventional meat animal type is conventional chicken and turkey, generally comprising between a fourth and a third of the external elasticity at the animal-type level. The only case where this is not true is plant-based seafood, where plant-based

chicken and turkey is the top contributor to external elasticity. Conventional chicken and turkey is a key competitor on price with many products in plant-based and conventional meat, but it generally comprises only a share of external price competition. This means brands would be ill-advised to monitor conventional chicken and turkey prices alone when considering pricing for plant-based meat products.

Figure 1. External price elasticity—the responsiveness of a given product's sales volume to changes in the prices of other products—accounts for a large share of plant-based meat's total price elasticity. For example, plant-based beef has a regular price elasticity of -1.23, with 53% contribution from external competitors, 6% contribution from internal competitors, and 41% contribution of own price elasticity. Several items tend to contribute to a given product's external price elasticity. This means that plant-based meat brands should monitor broader price trends across the plant-based and conventional meat categories and avoid increasing prices without considering broader market trends.

Figure 1: Weighted average regular price elasticity



Source: NIQ | Discover RMS 52 Weeks Ending 11/25/2023, Total US Food

Increasing plant-based meat prices without considering the broader market is likely to negatively impact sales volume and jeopardize category share.

Brands should be cautious about increasing prices, especially considering the category's high levels of cross-price elasticity. Consumers may shift between brands or out of the category altogether if prices are increased faster than the broader market.

When brands enact a permanent price change, they should consider various factors including region, channel, and product type. When it comes to price cuts, factors such as package size should play a role in decision-making. Bulk package sizes of more than 48 ounces display high price elasticity, meaning cutting prices in that product group may result in outsized volume gains.

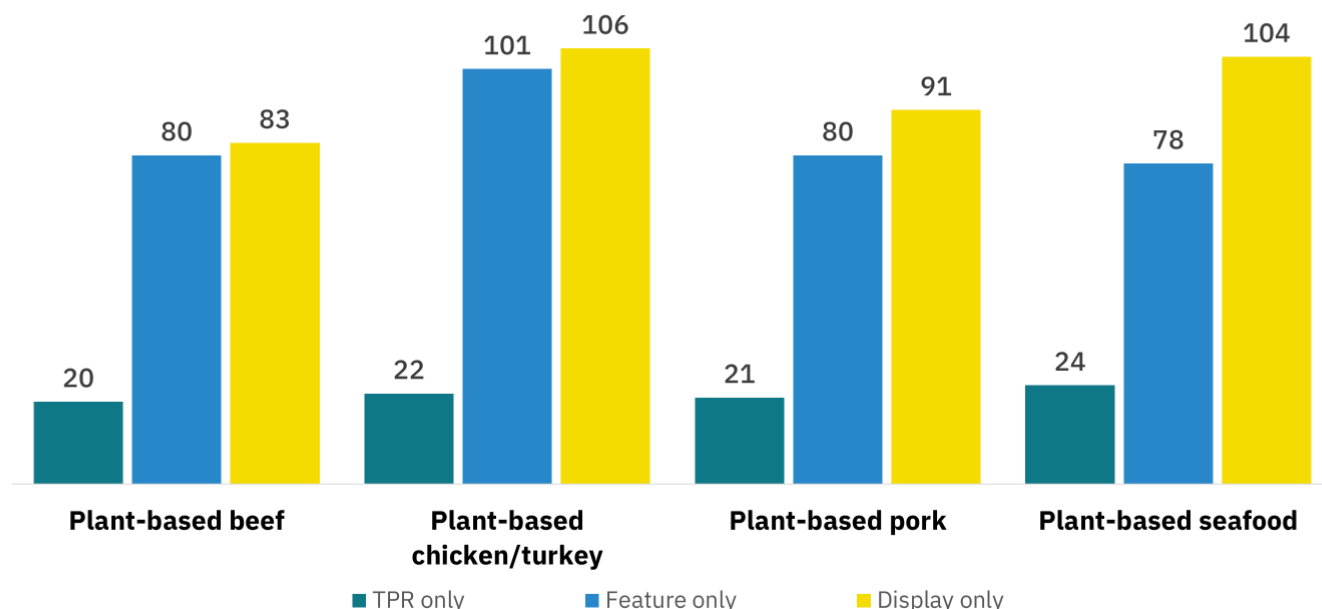
Promotion pricing and strategy

Plant-based brands should consider more feature and display promotions and identify high-lift items.

Plant-based meat brands sell a large share of their products on promotion, but the category experiences low promotional efficiency. Low promotional efficiency often occurs when brands conduct overly frequent promotions. In other words, plant-based meat promotions have generally not been effective at generating new incremental sales. Display promotions are the least-used promo strategy for plant-based brands, but they generally experience the highest lifts for plant-based meat.

These takeaways are important for large meat and consumer packaged goods companies with plant-based lines. Conventional meat tends to experience more parity in lifts than plant-based meat across promotional strategies, and large, diversified food companies may consequently promote plant-based and conventional products similarly.

High-lift items in the plant-based category include plant-based chicken and turkey, seafood, and larger than 24 oz. package sizes, while low-lift items include plant-based beef and 12-24 oz. packages. Brands should consider shifting support from low-lift to high-lift items to increase efficiency and expand the category.

Figure 2: Plant-based meat % unit promotional lift at 10% discount

Source: NIQ | Discover RMS 52 Weeks Ending 11/25/2023, Total US Food

Figure 2. The responsiveness of plant-based meat's sales volume to promotions depends on (a) the specific promotional strategy and (b) product-specific characteristics including animal type and package size. Across the board, plant-based meat sales volume is more responsive to feature and display promotions than temporary price reduction (TPR) promotions alone. For example, at a 10% price discount, plant-based beef sales increased by an average of 20% above base unit sales. But when a 10% discount was paired with a feature promotion, plant-based beef sales averaged an 80% sales lift. Plant-based meat remains a relatively new category where roughly half of consumers say they are aware of the products, so feature and display promotions—although more expensive and difficult to implement than TPR promotions alone—are key strategies for building consumer awareness and driving trial.

Regional and channel considerations should help guide promotional strategies.

For short-term volume gains, brands could consider focusing promotional support in the South and Midwest where promoted price elasticities are highest. Volume will most likely see the largest gains from promotions in those regions, though promotional efficiency is low in the South, so frequent promotions in that region may not be sustainable. Promoted price elasticities also vary by channel, and brands should monitor promotion performance across channels to identify where promotional dollars are best allocated.

Price gaps and thresholds

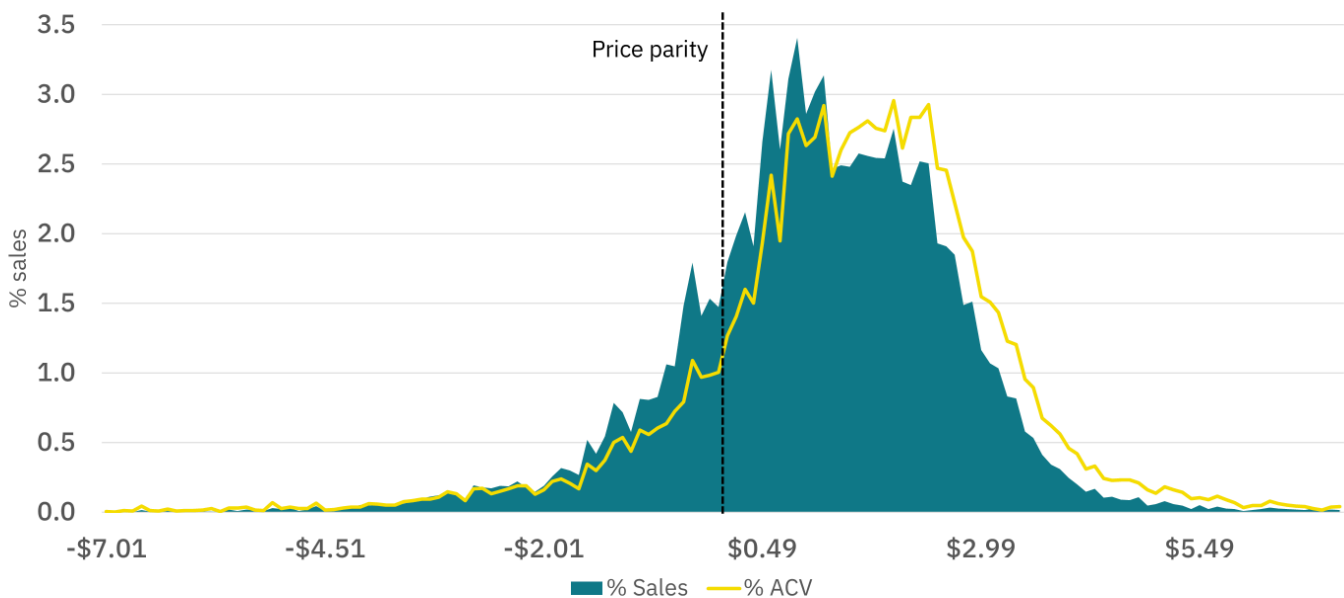
Plant-based products can succeed at price premiums over conventional meat, but sales suffer when the gap grows too large.

Plant-based meat’s sales performance relative to conventional meat, when priced at different levels, can be measured by the relationship between the share of units sold at a price gap and the distribution of products on the shelf at that price gap. If the percentage of units sold at a given price gap outpaces the distribution of products on the shelf at that price gap, the product “overperforms” expected sales volume. Plant-based chicken and turkey vs. conventional chicken and turkey, plant-based beef vs. conventional beef, and plant-based beef vs. conventional chicken, all overperform expected sales up to small equivalized (EQ) sales price premiums. Plant-based products performed best when priced at parity with conventional products or at discounts to conventional products. For tofu vs. conventional

chicken and turkey, tofu sales only outperformed distribution at price discounts to conventional meat. This indicates that when consumers have a choice between tofu and conventional meat or plant-based meat and conventional meat, they may have a higher willingness to pay for plant-based meat. Closing the gap between plant-based and conventional meat prices is likely to support volume growth.

Figure 3. This chart examines the sales performance of plant-based chicken and turkey at various price gaps to conventional chicken and turkey. Plant-based chicken and turkey overperformed expected sales whenever the percentage of sales at a given price gap was higher than the distribution—percentage all commodity volume (% ACV)—at the same price gap. Plant-based chicken and turkey sales outpaced product distribution when priced below conventional chicken, at price parity with conventional chicken, and at small price premiums to conventional chicken.

Figure 3: Plant-based chicken/turkey price gap sales rate



Source: NIQ | Discover RMS 52 Weeks Ending 11/25/2023, Total US Food

Even small price adjustments can have outsized impacts on plant-based meat volume.

Few plant-based products in the study recorded large enough sales volumes and price variations to reveal price thresholds at which consumers respond non-linearly to price changes.

On average, the products with identified thresholds were priced within 4 percent of these inflection points, meaning slight price increases or decreases could lead to larger-than-anticipated changes in volume. The most common price thresholds end in \$x.49 and \$x.99. These price thresholds are common throughout the consumer packaged goods industry and are not unique to plant-based meat. Brands should be aware that any price changes crossing these thresholds may lead to outsized changes in sales volume.



About GFI

The Good Food Institute is a 501(c)(3) nonprofit working internationally to make alternative proteins like plant-based and cultivated meat delicious, affordable, and accessible. GFI advances open-access research, mobilizes resources and talent, and empowers partners across the food system to create a sustainable, secure, and just protein supply. GFI is funded entirely by private philanthropic support.

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