

## Impact of COVID-19 on Protein Consumer Behaviour



In many countries, the COVID-19 pandemic and subsequent lockdown caused people to stockpile their food. Since then, the impact of COVID-19 on consumer habits has varied among households. This brief report provides some highlights of the impact of COVID-19 on protein consumer behaviour.

Protein is an essential part of most people's daily meals. According to FoodDive, about 75 per cent of consumers try to eat animal or plant protein at dinner, while 49 per cent and 56 per cent try to eat protein at breakfast and lunch, respectively. The UK's National Health Services (NHS) states that protein is an excellent ally for fighting the COVID-19 infection, as it helps repair damaged body tissues, making up for muscle loss caused by the virus.

Based on a recent study conducted in the U.S., the majority of protein in the human diet (about 62 per cent) comes from animal sources; the remaining 30 per cent and eight per cent come from plant and other sources respectively. Although the pandemic has intensified consumption of all proteins in general, the shift toward the consumption of plant-based protein has increased at a much higher rate. Some of the key trends in both plant and animal-based protein diets are highlighted below.

### Plant-based protein diets

Since the beginning of the pandemic, GlobalData has been conducting a monthly survey in 11 countries around the world to track recovery from COVID-19. The results of this survey show that consumption of plant-based protein has been increasing over the last 12 months. Although the shift toward the consumption of plant-based protein was already happening, the pandemic has accelerated this trend. For example, GlobalData's survey shows that consumers who are extremely concerned about COVID-19 are buying 10 to 11 per cent more plant-based protein than before the pandemic. Overall, consumers are showing an increased preference toward food products associated with wellness, health, ethics and sustainability. The remarkable shift toward plant-based protein consumption is also well represented across different generations of millennials and baby boomers. In 2020, the total consumption of retail meat substitutes globally increased by eight per cent, reaching U.S. \$5.1 billion from \$4.7 billion in 2019.

The rapidly changing protein market landscape creates massive niche market opportunities for companies involved in the production and processing of plant-based protein products and ingredients. Beyond Meat and Impossible Foods are the two pioneers in the plant-based meat industry, offering burgers that look and taste like meat. Given that Beyond Meat and Impossible Foods' products require much less land and water, their products have high appeal to countries that do not have enough arable land to feed their large populations (e.g., China) and countries with a large vegetarian population such as India. Accelerated by the changes in consumers' behavior due to the pandemic, in 2020, the number of retailers carrying Impossible Foods' plant-based products increased by about 113,000 per cent from 150 retailers to 17,000 retailers.

Although new startup companies are dominating the innovations in plant-based protein products and ingredients, several mainstream companies are joining the race to capture some market share in this rapidly growing industry. Maple Leaf Foods is one of the mainstream food companies that has embraced the shift toward plant-based protein and has succeeded in getting trendy plant-based products on store shelves across North America. Maple Leaf is heavily investing in plant-based protein products, recently spending \$100 million for Indianapolis tempeh\* plant in the U.S. More recently, PepsiCo collaborated with Beyond Meat to create plant-based drinks and snacks.

Taste and prices were the two main barriers for the wider adoption of plant-based meat alternatives. However, companies are heavily investing in research and development to improve on both factors. The cost of plant-based burgers is already becoming competitive with regular animal-based meat burgers. For instance, Impossible Foods slashed the price of its burgers three times within one year, each time by more than 10 to 20 per cent. As baby boomers are considered an important niche market for plant-based protein products such as pea protein, microflora and microalgae, companies around the world are working towards improving the taste of plant-based protein products.

### **Animal-based protein diets**

Responsible and sustainable consumption of meat is one of the areas that has been highly attractive to consumers in recent years. Other areas that have become important to consumers include animal welfare and product traceability. The demand for meat products with “free from” claims is also increasing. According to GlobalData, there is a growing desire for meat products that are organic or natural, grain-fed meats with no added hormones, and meat sourced from animals not treated with antibiotics. This trend is encouraging meat processors to launch products that are free from artificial and other preservatives and come with natural or organic claims.

Consumers raising health concerns about consuming meat products with high fat content is also driving the demand for meat products with less fat content. Manufacturers are keen to capitalize on the enormous growth potential in developing cultured meat, grown from living muscle cells taken from any animal, including cows, pigs or chickens.

The increasing consumer interest in animal welfare is likely to drive meat manufacturers to secure Certified Humane Raised and Handled accreditations. These accreditations can help the manufacturers appeal to consumers seeking meat products that have been sourced ethically. The rising demand for transparency has also led manufacturers to use digital labeling systems that can provide detailed information to consumers about the sources of ingredients, processes and certifications associated with products.

In 2019, the global meat sector was valued at U.S. \$1,267.2 billion, and expected to reach US \$1,371.5 billion by 2024. The unfounded claim that associates the origin of the novel coronavirus with animal meat has also negatively affected the demand for meat, as the fear of getting the virus from eating animal-based protein has somehow affected consumers shopping behaviour. Temporary closures of meat processing plants because workers were infected with COVID-19 also caused a temporary meat supply issue and led to price hikes at retail stores.

The latest GlobalData report on worldwide opportunities in the meat sector indicates that the total value share of meat sales as a percentage of the global food industry is expected to decline through 2024, because of increasing consumer concern about health risks associated with consuming meat and its environmental impact. Although the animal protein industry faced many challenges because of COVID-19, and increasing consumer concerns, the sector is embracing innovation to help the industry grow. The future of the meat industry depends on adopting science and innovation that help produce animal protein to fulfill new consumer needs.

\* An Indonesian dish made by deep-frying fermented soybeans.

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