

CHAPTER #3 OF OUR 2018 FOOD & BEVERAGE FORECAST



BAUM+WHITEMAN PREDICTS:

## **2018 TREND OF THE YEAR: PLANT-BASED FOODS GO MAINSTREAM**

- \*GenXers, Zers and Millennials adapting early.
- \*Restaurants are behind the curve.
- \*Could vegetarians embrace 'clean meat'?
- \*Here comes Google!

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We're accustomed to major dining trends being unleashed by the food service industry ... falafel, poke, Nashville hot chicken, food halls, or pumpkin-spiced lattes, for example.

But here's a mega-trend that finds restaurants way behind the curve: The profound consumer shift to "plant-based" foods. To understand this, examine the world of consumer packaged goods ... because that's where innovation is coming from, largely by cheeky startups who've figured out this new consumer psyche. Here are some data, not necessarily all congruent:

- 31% of Americans practice meat-free days, according to Mintel.
- 35% of Americans get the majority of their protein from sources other than red meat.
- 66% of consumers who eat alternative proteins believe they are healthier than red meat.
- About 83 percent of U.S. consumers are adding plant-based foods to their diets to improve health and nutrition, while 62 percent do so for weight management.
- But only 6% of North Americans follow vegetarian diets and less than 3% identify as vegans.
- Mintel says that between 2012 and 2016, there's a 25% increase in vegetarian claims and a 257% rise in vegan claims in new food and drink products you find in grocery stores.
- The NPD Group says that over the past decade consumers under age 40 upped their fresh vegetable intake by 52 percent ... compared with those above 60 who've decreased fresh vegetable consumption by 30 percent.
- 58% of adults drink non-daily milk.
- Wal-Mart is pleading with its suppliers to ramp up plant-based product development.
- In the past year, Google's trend mappers say there's been a 90% increase in vegan searches.

*Baum+Whiteman predicts that plant-based dining is 2018's trend of the year!* Millennials and Gen Xers are embracing "plant-based" food while still young ... and probably sticking with it. So we're looking at a generational divide with younger people mainstreaming plant-based diets ... the very folk, one would think, who are the restaurant industry's prime targets. And we're looking at a food industry divide ... where plant-based products capture increasing shelf space in supermarkets but (so far) little space on restaurant menus.

"Organic," so last year, often shows up restaurant menus. But you don't see the words "plant-based" very often. *"Plant-based" is the new organic ...* just not in restaurants.

Successes like Impossible Burger and Beyond Meat ... whose faux burgers are gaining traction in restaurants ... are not globally representative of the food service industry, where McDonald's, to cite one example, has recaptured its mojo by ignoring plant-based demand ... a demand expected to grow 10% annually for the reasonable future.

Instead, you find the old lumbering food manufacturers investing in small- and medium-sized plant-based innovators. In a wave that's nowhere near crested, Nestlé USA acquired plant-based supplier Sweet Earth; Campbell's is trying to buy almond-oat-hemp milk company Pacific Foods; Danone acquired WhiteWave, and Maple Leaf Foods acquired Lightlife ... some examples from just this year!

At the other end of the spectrum they're seriously tinkering to make meat more acceptable by growing it from cells rather than from animals. Cargill, the country's second-largest beef processor, took equity (with Bill Gates, Richard Branson) in Memphis Meats. This company creates chicken, duck and meatballs from animal cells ... on the premise that, if it can be scaled up, you won't have to slaughter antibiotic-laced animals in order to have burgers or leather shoes. Hampton Creek, which won the eggless mayonnaise battle, predicts its lab-cultured chicken meat will be on the market next year. *Could be that a "post animal" economy is around the corner.*

The new lingo for these products is "clean meat" ... which has a better ring to it than restaurants' claims of "transparency."

*There's a fork in the road for restaurants:* Wait for more validation that plant-based dining has legs. Or figure out how to react. We see more restaurants in 2018 incorporating new plant-based options for customers:

- Vegan "cheese" on burgers and pizza will become commonplace. In fact, the quotes around "cheese" will disappear.
- Following the lead of faux burgers, more restaurants will offer plant-based meat entrees ... so a vegetarian diner might order, for example, a (mock) schnitzel Milanese while the rest of the table orders real meat.
- If lab-grown meat catches on (which might take several years), we'll need new language to separate lab-grown stuff from protein derived from killing animals.
- Steakhouses will multiply the number of enticing vegetable options in order to eliminate "no" votes from vegetarians.
- More plant-based restaurant chains will seek fearless investors.

- Eyeing successes of vegan ice cream in supermarkets, more chains will offer vegan or vegetarian frozen desserts. Ben & Jerry's and Haagen-Dazs are already there, as is [Van Leeuwen](#) from Brooklyn, of course (*see photo, right of three vegan ice creams: Planet Earth, Matcha Green Tea, and Toasted Coconut Brownie Sundae*).



- Some casual dining chains (in a scary business slump) will cease telling vegetarians gratuitously that they can "customize" standard menu items ... "drop the cheese, eliminate the sauce, order without bacon, skip the mayo" ... or Millennials and GenXers will abandon these restaurants. So look for some first-rate vegetarian (if not vegan) dishes that don't sound like deprivation.

- The entire vegan/veg industry ... including consumers ... will have to come to terms with an inherent contradiction: Mock meats, fish and cheeses as well as bleeding vegburgers are in fact "processed food" ... the very words that drove people away from fast food and casual restaurant menus. So here's another divide: between restaurants selling processed imitations of meats, dairy products and egg-based products ... and restaurants concentrating on fresh fruits, vegetables and grains to satisfy veg/vegan palates (*photo, right, from [Beyond Sushi](#), where nothing's fake*).



- Look for a revolution in non-dairy cheeses that, via fermentation, come uncannily close to tasting like the genuine stuff.
- Watch the progress of veg/vegetarian outfits like By Chloe, based in New York and opening in London; fas-cas Veggie Grill emphasizing meat analogs, with about 30 locations; Amy's, moving from frozen food cases to fast food locations; fast feeder Clover Labs, clustered around Boston.

- Some influencers serving mostly real food: Amanda Cohen at [Dirt Candy](#) (*spinach napoleon with grapefruit ricotta and smoked pistachios, right*); Jean-Georges Vongerichten at [ABCV](#); John Fraser at [Nix](#); Rich Landau at [Vedge](#); Eric Tucker at [Millennium](#); Jill Barron at [Mana Food Bar](#).



## AND THEN THERE'S THIS 400-LB GORILLA: GOOGLE

Along with Panera Bread, Hilton Hotels, Stanford University, Unilever, and Sodexo, Google is developing "plant-forward" menu items in an effort to shove animal proteins to the edge of ... or entirely off the plate. Google is using its vast dining facilities to see how much it can change the eating behavior of its employees.

By placing veg-forward items at the tops of their menus ... and by canny use of language and portion sizes ... they're influencing employees' choices and moving them across a spectrum from meat-oriented dining to veg-oriented dining (*photo, right from Fast Company*).



Google two years ago tried to buy Impossible Foods, so this is not a short-term fad.

Indeed, employees are 71% more likely to make these lifestyle choices when eating (for free, by the way) at Google than outside their offices. For example, Google started selling a "blended burger" containing 20% mushrooms ... and now has employee acceptance for a 50/50 mushroom-to-meat ratio. The project ... to overcome barriers preventing people from swapping meat for plant-based food ... is run by the nonprofit called the [Better Buying Lab](#). But Google hopes to vault over its corporate walls and influence the menus of commercial restaurants.

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