



Bluegrass
INGREDIENTS®



What's Really Going on in the Plant-Based Foods Category

When food historians look back and write the story on plant-based foods, the years 2022 and 2023 will be notable chapters. There's been a plot twist, and the once booming category has met a classic antagonist character: indifference.

- 2021 sales of plant-based meat alternatives were flat. August 2022 unit sales are down 7.2%. [Dig deeper.](#)
- The McPlant has been [McRemoved](#) from test markets.
- Maple Leaf Foods [rightsizes](#) plant-based business because the market never materialized.

Consumers haven't revolted against plant-based meat alternatives. They've just lost interest.

But there's more to the story. While plant-based meats are struggling, plant-based milks, ice creams and comfort foods are reporting impressive gains.

- The category is racking up [sales north of \\$2.2 billion](#).
- U.S. sales of [oat milk skyrocketed 51%](#).
- Starbucks emphasizes [dairy-free menu development](#).

How do you explain the divergent paths of each category in 2022, and how does it impact product

developers working on new product products in 2023 and beyond? Bluegrass has the answers!

What Happened to Plant-Based Meat Sales?

The launch of the Impossible burger thrust plant-based meat alternatives into restaurants around the world. Consumer reaction was positive, sales boomed and countless new brands emerged to vie for space in the competitive retail marketplace. COVID came, sales continued to boom...until they didn't. Growth stopped in 2021 and the category experienced measurable declines in 2022. Why?

- The products did a good job of mimicking ground beef, but they weren't craveable enough to cause flexitarians to make a permanent switch to plant-based meats.
- Consumers (and consumer interest groups) started asking questions about ingredient lists and how these products are made.
- The category did not achieve price parity before inflation came.

Without a craveable product, consumers lost interest in a meat mimic that was more expensive and contained way more ingredients than the real thing.

Why it Matters to R&D:

Focus product development on products that add protein but don't mimic cuts of meats. Global cuisine is a good source of inspiration, but remember to always add a familiar flavor profile such as [fruit](#) or [plant-based dairy flavors](#) to lessen purchasing obstacles.

Plant-Based Milk Rises to Top

On the opposite side of the spectrum, plant-based milk sales show no signs of slowing. These products have clean labels and more importantly, they are not trying to mimic dairy milk. Oat milk doesn't taste like cow's milk, nor is it trying to. It's its own thing and offers product developers and baristas the opportunity to create new flavor profiles, not just mimic what's currently available.

Why it Matters to R&D:

The downside to the popularity of oat milk is a strained oat market that's trying to keep up with demand. Fortunately, Bluegrass Ingredients has a strong and stable supply of [oat milk powder](#), which can replace liquid oat milk in many applications.

A Return to Comfort Foods

Remember when trend experts predicted that the COVID pandemic would be the tipping point for Americans to start eating healthier? Quite the opposite happened. Sales of Oreos and Ding Dongs boomed as consumers retreated back to the comfort foods they remembered eating when life was simpler. Now that society is normalizing again, consumers want it all: Healthy foods that maintain their indulgence.

Why it Matters to R&D:

Developing permissibly indulgent plant-based foods while still maintaining a clean label is hard, but not impossible. Plant-based macaroni and cheese represents a great platform to create comforting plant-based foods. Our R&D has perfected [plant-based cheese powders](#) and can help your food brand rapidly prototype a new product that satisfies consumer cravings.



Despite the ups and downs in the plant-based space, we expect the category to find its footing. Our [Agile Ingredient Innovation® Model](#) was designed to help companies thrive in unstable markets. [Contact us](#) to get started on your next plant-based innovation.

