

Sustainability: Veganism

Thomas Burgess, February 2020

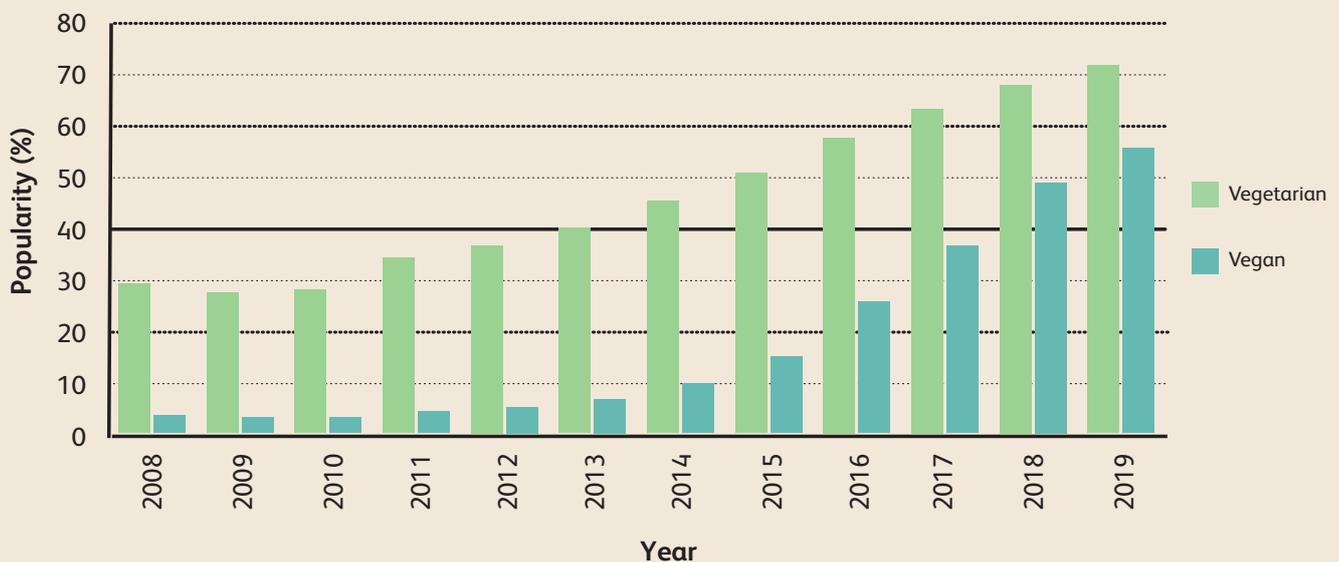
In this report, IBISWorld analyst Thomas Burgess examines the rise of veganism, and the impact this movement has had on agriculture, food production and the consciousness of the population.

Veganism was described by Claire Suddath as an 'extreme' version of vegetarianism in a Time article in 2008. However, veganism has since stepped out of the shadow of vegetarianism and is increasingly becoming both a widespread, accepted diet and a political mainstay in Western society, with campaigns such as Veganuary continuing to grow in popularity. In January 2020, a tribunal ruled that 'ethical veganism' was a philosophical belief under the Equality Act 2010, with these beliefs deserving protection against discrimination as religious ones would. The level of environmental consciousness in

the United Kingdom is rising and companies are adapting their practices to become more ethical. Fast-food restaurants offering vegan options in an attempt to expand their customer base has become the norm, and energy companies are aiming to show that they are focused on the environment by committing to net-zero emissions by 2050. Health consciousness is closely related, with the BBC reporting in January 2020 that 49% of participants in a Mintel survey claimed they were cutting down on meat consumption for health reasons. Shoppers aim to live healthier lives whilst also saving

Online searches in the UK*

Comparing vegetarianism and veganism



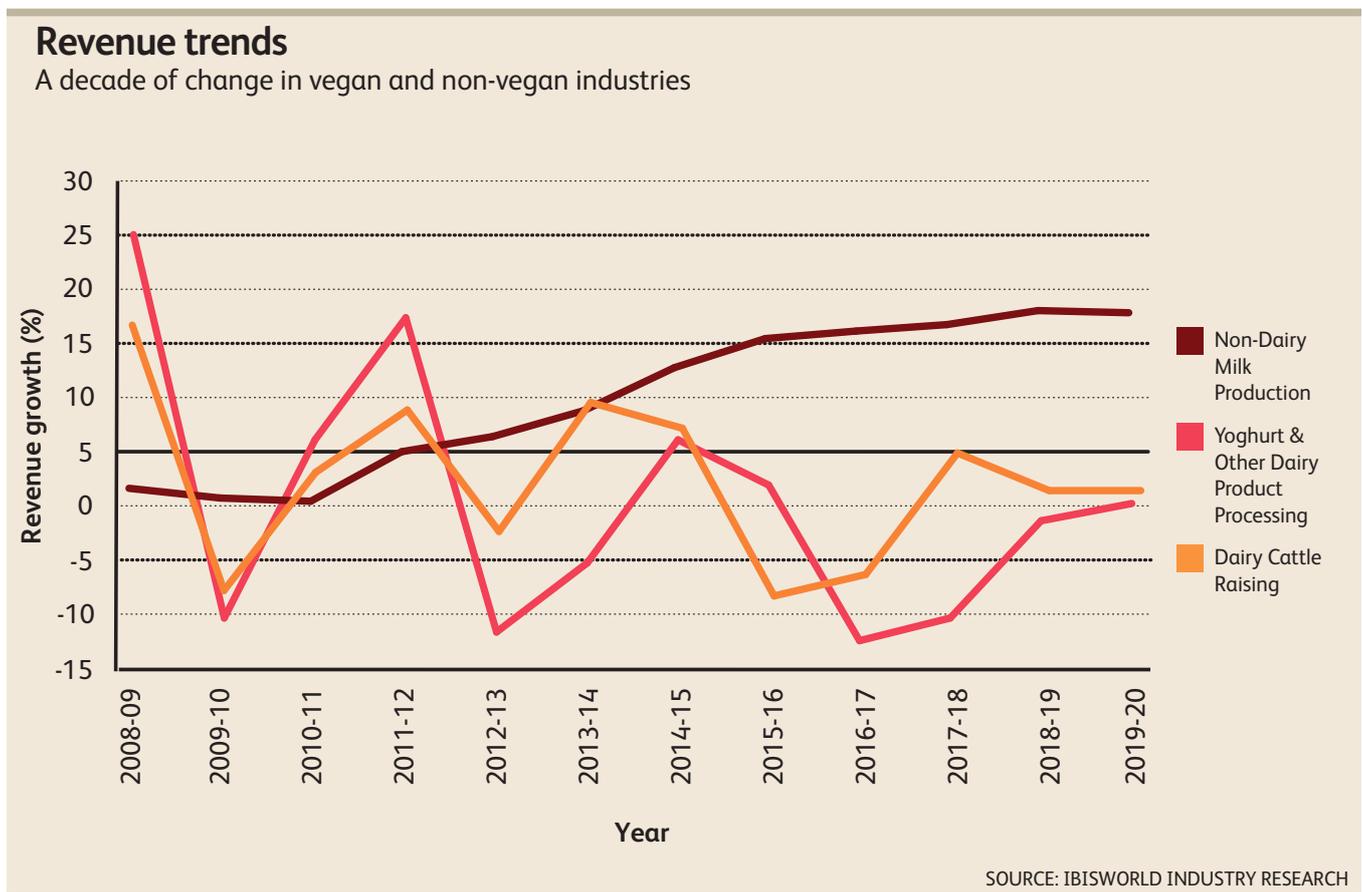
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their wallets. In January 2019, the Vegan Society reported that meat-eaters are spending £645 more a year on groceries than meat-free eaters. Downstream retailers have capitalised on the dietary trend by introducing new meat-free ranges and marketing them heavily. Sainsbury’s sales of vegan cheese surpassed the company’s revenue projections by 300% in 2017, whilst Veggie Pret turned out 70% profit increases within the first two weeks of opening in 2016. Similarly, upstream producers are benefiting from a change in consumer habits, with revenue in the Non-Dairy Milk Production industry expected to grow at a strong compound annual rate of 17% over the five years through 2019-20. The risk and cost of dealing with plant and plant-based products are lower, and with the Vegan Society claiming vegan numbers quadrupled in the four years to 2018, veganism is expected to continue to grow.

Agricultural impact

With an estimated 600,000 vegans in Britain, the overall effect of growing veganism on the agricultural sector is expected to be minimal. The total agricultural area in the United Kingdom increased by 1% in 2019 to

17.5 million hectares, equating to 72% land coverage, excluding woodland, across the country. Demand for healthier diets that have less of a detrimental effect on the environment is growing, and these diets are also more affordable. Livestock numbers fell in 2019, leading to a larger emphasis on cultivating higher quantities of fruit and vegetables. IBISWorld expects revenue in the Vegetable Growing industry to rise at a compound annual rate of 3.6% in the five years through 2019-20, reaching £2.8 billion. At the same time, growth in imports of vegetables into the United Kingdom has been slowing, having displayed an increase of 10.5% in 2016 compared with only 0.9% in 2018, according to government statistics. This is despite the Vegetable Growing industry being struck by heatwaves in recent years, spelling disaster for the harvest of some domestically grown produce. Vertical farming with the use of hydroponics gives cultivators the opportunity to grow harvests under controlled conditions, without toxic pesticides, in a limited amount of ground space. This will allow the United Kingdom the opportunity to become more self-sufficient in the cultivation of fruit and vegetables in the future.



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Meat and dairy

Meat and dairy production have struggled in recent years, suffering from unfavourable economic conditions and a negative public perception, giving veganism and the accompanying development of its products space to plant roots and grow in popularity. This gap in the market became most notable in 2016, when the Agriculture and Horticulture Development Board reported that more than 1,000 dairy farms had closed across England and Wales within three years. Dairy farming had become unsustainable for many, with the abolition of EU milk quotas in 2015 causing domestic milk prices to plunge by 19.7% over 2015-16. As a result, farmers were being paid 10p less than the cost of production due to a deluge of milk supplied to the market. Following this, between 2018 and 2019, the number of cattle and calves, sheep and lambs, and total poultry numbers in the United Kingdom declined by 1.5%, 0.6% and 0.8% respectively. This reduction comes as the Committee on Climate Change calls for meat and dairy intake to be cut by one-fifth in order to meet the government's 2050 net-zero emissions target by reducing carbon emissions associated with raising livestock. A research article published in Science Magazine, authored by Poore and Nemecek in 2018, showed that 26% of global emissions come from food, of which 58% are associated with animal products.

In addition to problems within the supply side of the market, public outcry against livestock-related industries has been picking up momentum over the past five years. With international public protests from the likes of Extinction Rebellion, the decline of the dairy and meat production industries is expected to be exacerbated by public behaviour and opinion.

IBISWorld Industry reports used in this special report:

A01.130	Vegetable Growing in the UK
A01.410	Dairy Cattle Raising in the UK
A01.450	Sheep Farming in the UK
A01.470	Poultry Raising in the UK
I56.104	Takeaway & Fast-Food Restaurants in the UK
SP0.001	Non-Dairy Milk Production in the UK

The vegan movement

As is often the case, where one market fails, another is quick to take its place. Downstream demand for new vegan products and ranges has displayed strong growth in the United Kingdom, with online retailer Ocado reporting 1,678% growth in its vegan category between 2015 and 2016, and Waitrose introducing a vegan section in more than 130 shops in 2018. Social media has played a large role in the marketing of the dietary trend, with #vegan being posted over 87 million times on Instagram. The literary world has also done its part. In 2018, Waterstones stocked 944 books with the word 'vegan' in the title. By 2019, this number had drastically risen to 9,030. Beneficiaries of the vegan movement have stepped up to the plate. Oatly has dominated the non-dairy milk market in recent years, and is expecting to have more than doubled its retail revenue figure to £40 million in 2019. In order to meet growing demand, the company revealed in May 2019 that it was opening its third European factory in the United Kingdom.

Veganism has benefited from a disrupted meat and dairy industry, and is poised to continue throwing them off balance with the help of increasing environmentalism. Gaps in the market are being filled by products and brands that can sell themselves on the basis of health and worldly benefits, and other industries are benefiting from the change in people's lifestyles. Past being free-range or organic, meat and dairy have few options of differentiating themselves to consumers, whereas vegan products offer a range of different options to take advantage of.

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